

1	BEFORE THE		
2	ILLINOIS COMMERCE COMMISSION		
3	CENTRAL ILLINOIS LIGHT COMPANY	)	DOCKET NO.
4	d/b/a AmerenCILCO	)	07-0585
5)	
6	Proposed general increase in)	
7	electric delivery service rates.)	
8)	
9	CENTRAL ILLINOIS PUBLIC SERVICE	)	DOCKET NO.
10	COMPANY d/b/a AmerenCIPS	)	07-0586
11)	
12	Proposed general increase in)	
13	electric delivery service rates.)	
14)	
15	ILLINOIS POWER COMPANY d/b/a	)	DOCKET NO.
16	AmerenIP	)	07-0587
17)	
18	Proposed general increase in)	
19	electric delivery service rates.)	
20)	
21	CENTRAL ILLINOIS LIGHT COMPANY	)	DOCKET NO.
22	d/b/a AmerenCILCO	)	07-0588
)	
	Proposed general increase in gas)	
	delivery service rates.)	
)	
	CENTRAL ILLINOIS PUBLIC SERVICE	)	DOCKET NO.
	COMPANY d/b/a AmerenCIPS	)	07-0589
)	
	Proposed general increase in gas)	
	delivery service rates.)	
)	
	ILLINOIS POWER COMPANY d/b/a	)	DOCKET NO.
	AmerenIP	)	07-0590
)	
	Proposed general increase in gas)	
	delivery service rates.)	
)	
	Springfield, Illinois		
	Tuesday, July 1, 2008		

1 Met, pursuant to notice, at 10:00 a.m.

2 BEFORE:

3 MR. JOHN ALBERS, Administrative Law Judge
4 MR. J. STEPHEN YODER, Administrative Law Judge
5 MS. LISA TAPIA, Administrative Law Judge

6 APPEARANCES:

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8 MR. MARK A. WHITT (Via teleconference)
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12 (Appearing on behalf of
13 Petitioners)

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19 (Appearing on behalf of
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1 APPEARANCES: (Continued)

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6 (Appearing on behalf of Staff
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8 MR. ELIAS D. MOSSOS
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21 (Appearing on behalf of AARP)

22 SULLIVAN REPORTING COMPANY, by
Daphne Killam, Reporter
Ln. #084-004413

1	<u>I N D E X</u>				
2					
3	<u>WITNESS</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
4	CRAIG NELSON				
5	By Ms. Von Qualen		1188		1232
6	By Mr. Flynn			1230	
7					
8					
9					
10				<u>MARKED</u>	<u>ADMITTED</u>
11	Staff Cross Nelson Ex. 1			1222	1224
12	Staff Cross Stafford Group Ex. 5			1306	
13	Ameren 42.0 2nd Revised, 42.2			E-Docket	1234
14	Ameren 43.6 Revised, 43.7			E-Docket	1319
15	Revised, 43.0 3rd Revised				
16					
17					
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1 MR. CASEY: Phillip Casey, Sonnenschein, Nath &
2 Rosenthal, 233 South Wacker drive, Suite 7800,
3 Chicago, Illinois, 60606 on behalf of the Ameren
4 Illinois Utilities.

5 MS. VON QUALEN: Jim Olivero, Jan Von Qualen
6 and Linda Buell on behalf of the Staff Witnesses of
7 the Illinois Commerce Commission.

8 MR. STREETER: Bill Streeter from Hasselberg,
9 Williams, Grebe, Snodgrass & Birdsall on behalf of
10 The Grain and Feed Association of Illinois.

11 MR. COFFMAN: John Coffman appearing on behalf
12 of AARP.

13 MR. MOSSOS: On behalf of the People of the
14 State of Illinois, Alias Mossos, Janice Dale, Karen
15 Lusson and Kristin Munsch, 100 West Randolph Street,
16 Chicago, Illinois, 60601.

17 JUDGE ALBERS: Any others wishing to enter an
18 appearance?

19 Let the record show no response.

20 We're here following the Commission's
21 June 25th ruling on Ameren's petition for
22 interlocutory review concerning certain testimony of

1 Mr. Stafford and Mr. Nelson.

2 Before we turn to their testimony,
3 though, there's a few preliminary matters. First, we
4 have the June 17th joint motion from CNE Gas and
5 Ameren Illinois Utilities. There's a said motion to
6 add certain data request responses to the record.

7 Any objection to that motion?

8 MR. FITZHENRY: No objection, Your Honor.

9 JUDGE ALBERS: Hearing no objection, then CNE
10 Gas' motion is granted, and we'll admit into the
11 record CNE Gas Cross Exhibits 1, 2 and 3 which were
12 attached to the motion.

13 (Whereupon CNE Gas Cross
14 Exhibits 1, 2 and 3 are
15 admitted into the record
16 at this time.)

17 JUDGE ALBERS: The next preliminary matter
18 concerns the June 20th filing of the Grain and Feed
19 Association and the Ameren Illinois Utilities. This
20 is a joint motion to add certain data request
21 responses to the record.

22 Any objection?

1 Hearing no objection, then Attachments
2 A, B, C, and D of joint motion are entered into the
3 record of Ameren GFAI Group Exhibit 1.

4 (Whereupon Ameren GFAI
5 Group Exhibit No. 1,
6 Attachments A, B, C and D
7 are entered into the
8 record at this time.)

9 JUDGE ALBERS: On June 24th, Staff filed a
10 motion to substitute concerning Ms. Everson's revised
11 rebuttal testimony.

12 Is there any objection to that motion?

13 Hearing no objection, then the Staff
14 motion is granted.

15 And before we were on the record, we
16 asked Ameren to provide a list of the exhibits being
17 admitted today just those of Mr. Nelson and
18 Mr. Stafford being admitted today.

19 Do you have any further questions
20 about those?

21 MR. FLYNN: No. I think we understand.

22 JUDGE ALBERS: I hope I do, too.

1 And with that, we'll turn things over
2 to Ameren.

3 Or does anyone else have any
4 preliminary matters first?

5 Hearing none, Mr. Flynn, if you would
6 like to call your witness.

7 MR. FLYNN: Yes. We have been directed to
8 provide Mr. Nelson and Mr. Stafford for further
9 cross-examination today following the Commission's
10 ruling of last week. Mr. Nelson and Mr. Stafford are
11 here. We would like to begin with Mr. Nelson.

12 Both witnesses have been sworn and
13 understand that they are still under oath.

14 JUDGE ALBERS: Very good.

15 JUDGE TAPIA: You can proceed, counsel,
16 whenever you are ready and the witness is ready.

17 JUDGE ALBERS: Go ahead with questions for Mr.
18 Nelson.

19 MS. VON QUALEN: I'm sorry. I thought the
20 Company was going to lay a foundation. That's fine.

21

22

1 CROSS-EXAMINATION

2 QUESTIONS BY MS. VON QUALEN:

3 Q. Good morning, Mr. Nelson.

4 A. Good morning.

5 Q. It's a pleasure to be speaking with you
6 again.

7 A. And same here.

8 Q. I'm sure.

9 You sponsored Ameren Exhibit 42.2 with
10 your surrebuttal testimony, correct?

11 A. That's correct.

12 Q. Would you agree with me that Exhibit 42.2
13 is a series of verified statements from contractors?

14 A. Yes, it is.

15 Q. And these are contractors who worked on
16 projects for Ameren?

17 A. For Illinois Power and the Ameren Illinois
18 Utilities, yes.

19 Q. And attached to the verified statements are
20 certain invoices; is that correct?

21 A. That's correct.

22 Q. And those would be examples of invoices

1 that AmerenIP or the Ameren Illinois Utilities could
2 not find in their own records; is that correct?

3 A. In some cases, that's true, yes.

4 We did have internally generated
5 invoices. In some cases, because of the electronic
6 payment method, there were no invoices. But in this
7 case, there were invoices of all cases as supplied,
8 yes.

9 Q. So the answer to your question is yes,
10 these are invoices that Ameren did not have?

11 A. I don't think -- these were invoices we
12 were not able to find. We still might have some of
13 them. We are still searching for some missing
14 invoices.

15 So these --

16 JUDGE ALBERS: I'm sorry to interrupt you. I
17 just realized you don't have a microphone. So those
18 folks on the phone can't hear you.

19 So off the record for a minute.

20 (WHEREIN, a recess was
21 taken at this time.)

22 A. To answer your question, I'm not completely

1 sure whether we are missing all of these invoices or
2 not. Mr. Stafford might be able to tell you that.
3 Some may be in-house.

4 But we did ask these contractors for
5 these specific work orders of these projects to
6 supply their external invoices as a type of belt and
7 suspenders type of proof that we had paid for these
8 materials and supplies.

9 BY MS. VON QUALEN:

10 Q. Is it your understanding that Staff's
11 adjustment is based upon whether or not the Ameren
12 Illinois Utilities had paid for these supplies?

13 A. Staff -- it's my understanding that Staff
14 disallowed plant additions for seven reasons. And
15 Ron could -- Mr. Stafford could tell you the seven.

16 Some of the reasons stated were that
17 the invoice amount did not match the general ledger,
18 there were discrepancies, or missing invoices. Those
19 were two of the reasons, for example.

20 Q. Do you recall whether -- do you recall
21 whether or not Staff -- one of Staff's reasons was
22 that Ameren Illinois Utilities had not paid for the

1 invoices?

2 A. No, I don't remember that as one of the
3 seven reasons.

4 Q. Thank you.

5 Mr. Nelson, were you the person who
6 contacted the contractors to ask for these
7 affidavits?

8 A. I was the -- no, I was not.

9 I was the person, though, that
10 suggested this might be an additional proof the
11 Commission might like to see. And I set the project
12 in motion to obtain these affidavits from the
13 vendors.

14 Q. Did you speak to any of the people who
15 signed these affidavits?

16 A. I did not personally. But people under my
17 direction did speak to them.

18 Q. When people under your direction spoke to
19 the contractors or the people signing the affidavits,
20 what exactly was requested?

21 A. We sent to these vendors a list of amounts
22 that we paid, payment dates, explanations of what we

1 were after, some background information.

2 But they -- in each case, we tried to
3 send to them a list of payments and dates and a
4 description of the material or supplies or labor that
5 we purchased from the vendor and asked them, if they
6 could, to verify that.

7 Q. Do you have a copy of any of those requests
8 that were sent out with you today?

9 A. I don't have a copy. They look much like
10 the affidavits in Exhibit 42.2.

11 Is that the number we are on? Yes.

12 Basically, we sent a draft affidavit
13 with blanks in it and critical parts where the vendor
14 would supply the missing information. I do not have
15 copies of the list of invoice numbers and amounts and
16 dates that we supplied to the vendors that they had
17 verified.

18 Q. If you look at what I think is Page 3 of
19 the Exhibit 42.2 which is the listing after the
20 affidavit of, it looks like, Irene Anderson --

21 A. Yes, I'm on that page.

22 And that's the type of information we

1 would have sent to the suppliers.

2 Q. So, as you look at that Page 3, would you
3 say that that Page 3 -- and it goes on to Page 4. Is
4 that something that Arby Construction would have
5 created that or is that something that the Ameren
6 Illinois Utilities sent to Arby construction?

7 Do you know?

8 A. I believe that we sent this type of
9 information to them. This document was created by
10 us. And based on -- there were discussions back and
11 forth with these vendors, as well. But we sent
12 information.

13 They reviewed their records. And I'm
14 not sure whether adjustments were made. But I did
15 verify THAT there were discussions and questions
16 answered with these vendors. And then they did
17 attest to these payments being made on these dates.

18 Q. Well, let's just right now keep it to this
19 affidavit of Irene Anderson.

20 A. Okay.

21 Q. And you're saying that she did attest to
22 these payments being made on these dates.

1 Do you know what Ms. Anderson relied
2 upon in preparing her affidavit?

3 A. Not entirely, no.

4 Q. Did you ever personally speak with
5 Ms. Anderson about the preparation of the affidavit?

6 A. No, I did not. But as I said, people under
7 my direction did speak with her or representatives of
8 her company and the other companies involved in
9 preparing these affidavits.

10 Q. Now, if you look after those first four
11 pages of 42.2, would you agree that also included
12 after Ms. Anderson's affidavit are numerous -- copies
13 of numerous invoices from Arby Construction?

14 A. That is correct.

15 Q. And you would agree that the invoices are
16 supposed to correspond to the spreadsheet that
17 immediately follows the affidavit?

18 A. Yes. They do correspond with one
19 exception. In some cases, the amounts are different.

20 And there's another supplemental data
21 response that we filed on May 21st that reconciles
22 each and every one of these, the total invoice amount

1 from each vendor to the amount we have on this
2 listing, Pages 3 and 4.

3 Q. Thank you.

4 Now, when you say you filed it, you
5 made it a part of the evidentiary record in this
6 case?

7 A. Yes, it was.

8 I believe -- you're talking about MHE
9 14.03 Supplemental. And it was filed as a
10 supplemental data response on May 21st, 2008. And
11 Mr. Livasy also attached it to his surrebuttal
12 testimony.

13 I can find that reference, too. It's
14 Exhibit 61.1.

15 And what I'm trying to say is that,
16 for instance, on that first Arby invoice, the
17 external invoice from Arby, as you can see, the
18 amount is \$241.16 whereas the first listing related
19 to that same work order, the same invoice, the same
20 date, the same company is \$1939.10.

21 And if one would go to the
22 supplemental data response, they would see our

1 internally generated invoice from our contractor
2 invoice system and see in each case -- and I examined
3 each one of these myself -- that the -- in each case
4 where the amount on Page 3 was different than the
5 external invoice, IP had charged it to multiple work
6 orders.

7 And from that internal -- from the
8 evidence supplied in MHE 14.03, in each case, one of
9 those work orders is \$45,700 in this case. And that
10 ties directly to the amount on this listing.

11 So I verified that for each work
12 order, each amount.

13 Q. Now, are you providing this explanation for
14 the first time now or is this a part of your
15 surrebuttal testimony?

16 A. You're going to have to specify this.

17 Clearly, this exhibit is part of my
18 surrebuttal.

19 Q. I can see that. Thank you.

20 A. And clearly, MHE 14.03 Supplemental is part
21 of Mr. Livasy's surrebuttal.

22 Q. And which of you, Mr. Nelson, yourself or

1 Mr. Livasy, explained the tie-in between these two
2 exhibits in your testimony?

3 A. I did not explain the tie-in in mine.

4 I'm not sure --

5 Q. Do you know if Mr. Livasy did?

6 A. I'm not positive.

7 He's here today. You're welcome to
8 ask him.

9 Q. Thank you.

10 A. We can put him on the witness stand if
11 you'd like.

12 Q. Mr. Nelson, let me ask you this. Are the
13 amounts referenced in 42.2 and the affidavits and the
14 invoices there, are they all related to the
15 electronic transfers?

16 A. That's correct. The 42.2 deals with
17 electronic transactions. It's not just transfers.
18 It's electronic transactions.

19 Q. And are they duplicates of the
20 electronically generated invoices?

21 A. They're the same invoice. The distinction
22 is that it's a belt and suspenders type of proof for

1 the Commission.

2 In MHE 14.03 Supplemental which was
3 filed on May 21st, we supplied from our contractor --
4 IP's contractor invoice system internally generated
5 invoices that have a great deal of detail for each
6 one of these work orders for each one of these
7 invoices.

8 And that's on the record now.

9 So we supplied that on May 21st.

10 Q. In response to a staff data request?

11 A. Correct. It was a supplemental. And as I
12 explained twice previously, it became a part of the
13 record in Mr. Livasy's surrebuttal.

14 In order to further clarify for the
15 Commission that we can support our plant additions,
16 which is the issue at case here, we thought we would
17 go to our vendors and get external invoices since we
18 did not have the external invoices.

19 So in this case -- I'm sorry. I
20 should be specific.

21 I'm holding up MHE 14.03 Supplemental.
22 Those are the internally generated electronic

1 transactions, proof of those, and what I'm filing --
2 what I filed in my surrebuttal Exhibit 42.2, the
3 complimentary external invoices supplied by the
4 external vendors.

5 Q. So are you saying that the two separate
6 items have the response to MHE --

7 A. 14.03.

8 Q. -- 14.03 and what is included with 42.2 are
9 identical; they're duplicates of each other?

10 A. They're not duplicates because the
11 internally generated invoices have more information
12 on them than the external invoices.

13 Q. But they reflect the same costs?

14 A. Correct.

15 And remember my earlier explanation.
16 On these external invoices, in some cases, about half
17 the cases, the total cost is greater than what's on
18 the Page 3 and 4 list. And in each case, it's
19 because as you go back to the internally generated
20 invoices, that invoice was assigned to three -- two
21 or three work orders.

22 Now, the pertinent work order ties

1 exactly to the list that's under question.

2 And let me give you an example of why
3 we did that. On some of these invoices, to Arby, for
4 example, could have been for relocation of a gas line
5 or an electric line, and some of it was recoverable
6 from the entity that was asking us to relocate. Some
7 may not have been. And so we built -- on our
8 internally generated charges, we built it into the
9 work orders, the recoverable part versus non
10 recoverable part.

11 Some of those work orders were tied to
12 the external invoice. And it does in each case. And
13 there are other reasons for charging multiple work
14 orders.

15 Q. Do you know, when was the first time Ameren
16 Illinois Utilities requested the contractor provide
17 copies of these invoices?

18 A. I'm not sure of the exact date. I can book
19 end the dates. Clearly, it's between the time of our
20 rebuttal testimony on April 14th and the time we
21 filed our surrebuttal on May 27th.

22 I remember shortly -- let me book end

1 it a different way. Let me change my response. It's
2 either between April 14th and May 27th or it's
3 between May 14th when Staff filed its rebuttal.

4 I'm not sure when we first began
5 discussing getting this additional proof, the belt
6 and suspenders proof that I mentioned earlier.

7 Mr. Stafford may know the -- he was
8 involved heavily in the project. He may know the
9 date we began.

10 Q. Now, Mr. Nelson, you would agree with me
11 some of the affidavits that are attached to 42.2 do
12 not have any invoices attached; is that correct?

13 A. That is correct.

14 Q. For example, I'm looking at the affidavit
15 of William Bailey.

16 A. And which company is that, please?

17 Q. North Pacific.

18 A. All right. I'm there.

19 Q. Now, are you personally acquainted with
20 Mr. Bailey?

21 A. I'm not acquainted with him, no.

22 Q. It appears to me that this affidavit was

1 signed in the State of Oregon. Would you agree with
2 that?

3 A. Yes, I would.

4 Q. And his affidavit states; I hereby attest
5 that Ameren paid North Pacific for said project in
6 2003 and 2004 for \$138 and \$287 and that material was
7 delivered.

8 A. You're correct. That's what it says.

9 Q. If I understood correctly from your prior
10 testimony, you never actually spoke to Mr. Bailey?

11 A. That's correct.

12 Q. Do you know if North Pacific was requested
13 to provide copies of invoices?

14 A. I know they were not.

15 Let's see here. In this case, this is
16 for the purchase of poles. And Mr. Livasy explained
17 this to me. And it was like --

18 Q. You're saying Mr. Livasy explained this to
19 you?

20 A. Yes. He was working under my direction
21 talking to North Pacific explaining the need for this
22 affidavit and exchanging information with North

1 Pacific as to amounts and dates and so on.

2 And as Mr. Livasy working under my
3 direction explained to me, the practice as Illinois
4 Power is not to create electronic invoices for these.
5 These were poles. There were bills of lading that
6 were used. And the material system at IP generated
7 payment to North Pacific as poles were delivered.
8 And we counted the poles delivered and we entered
9 those into the material system. And that generated
10 the payments.

11 And so that was how the information
12 hit the books. It was recorded on the books and
13 records and became plant additions.

14 Q. Do I understand correctly, then, that there
15 simply are no invoices for this amount?

16 A. I don't think there are invoices because
17 there was another means of billing that was used, the
18 bills of lading, another method of payment that was
19 used other than invoices.

20 But once again, Mr. Livasy is here.
21 You can confirm that answer if you'd like.

22 Q. The bills of lading, what would appear on

1 the bills of lading?

2 A. These were for the purchase of poles,
3 electric poles, and the number of poles that we
4 purchased, the size of the poles, the cost of the
5 pole, that type of thing.

6 Q. So it would be the type of information that
7 would be found on an invoice?

8 A. Yeah.

9 Let me backtrack. The cost may not be
10 on there. That probably was in the contract. It
11 would be the number and size of the poles that were
12 delivered.

13 Q. So there is a contract for this?

14 A. Yes. Ultimately, there is a contract for
15 the purchase of poles, yes.

16 Q. Good.

17 And was the contract provided to
18 Staff?

19 A. I don't know.

20 Q. Do you know if the bills of lading was
21 provided to Staff?

22 A. I don't know.

1 Q. Looking at the affidavit of Mr. Sheerer,
2 there similarly are no invoices attached to that
3 affidavit; would you agree?

4 A. That is correct.

5 JUDGE ALBERS: Is that the Reed City Power Line
6 Supply that we're identifying?

7 MS. VON QUALEN: Yes, Reed City Power Line
8 Supply is what I'm looking at.

9 JUDGE ALBERS: Thank you.

10 BY MS. VON QUALEN:

11 Q. Did the Ameren Illinois Utilities request
12 copies of invoices from Reed City Power Line Supply?

13 A. No.

14 And once again, it's my understanding
15 there are no invoices. This is for pole line
16 hardware. It's a consignment-type inventory where
17 pole lines inventory is kept in our site. And when
18 it's removed from the warehouse and put into use,
19 once again, IP's material system would generate
20 payment as we enter removal from the consignment
21 inventory.

22 So, once again, there's a different

1 method of controls, a different method of electronic
2 transaction without the use of an invoice.

3 Q. Did Ameren Illinois Utilities provide Staff
4 with any documentation of that different method of
5 control?

6 A. I'm not sure.

7 Q. If they had, do you know what kind of
8 information would have been provided?

9 A. No. I would be speculating.

10 Material system, maybe it could do a
11 print-out as the contractor invoice system. I just
12 don't know.

13 Q. And also attached to 42.2 is the affidavit
14 of, it looks like, Amy Rinner, R-I-N-N-E-R, for
15 Redman Pipe & Supply.

16 Do you see that?

17 A. Yes, I do.

18 Q. Similarly, we can agree that there are no
19 invoices attached to that affidavit?

20 A. That's correct.

21 Q. Did Ameren Illinois Utilities ask Redman
22 Pipe & Supply to provide invoices in support of the

1 amounts that Ameren Illinois Utilities paid Redman
2 Pipe & Supply?

3 A. Once again, it's my understanding there are
4 no invoices.

5 This is very similar to the power line
6 supply situation. That one was pole line hardware.
7 This is on the gas side of the business. This is for
8 gas pipe, gas fittings, other gas hardware, again the
9 same process kept in the warehouse. And then as the
10 hardware -- as the inventory items were removed,
11 there would be an entry made into the material system
12 which would then generate payment to Redman Pipe &
13 Supply.

14 Q. If you know, how did the Ameren Illinois
15 Utilities expect to document these costs to Staff?

16 A. Well, we have documented in multiple ways.
17 There's the general ledger where we recorded these
18 payments that were made. We did -- let me get the
19 exact exhibit for you.

20 (Witness retrieves document.)

21 We did in Exhibit 19.13 something
22 called a By-querry, B-Y, dash, Q-U-E-R-R-Y, record

1 search of the IP account payable system and submitted
2 that in rebuttal testimony. And that has all this
3 same information on it that shows -- at the time of
4 our rebuttal -- this is really not for the LAJs -- it
5 has a print-out of each of these payments, the work
6 order, the invoice number, the invoice date, expense
7 amount, the vendor, the vendor pay name and input
8 batch number, input batch date, the paying entity.

9 So, for each of these electronic
10 transactions, we did supply information from IP's
11 contractor invoice system which are essentially
12 internal invoice records, equivalent of invoice
13 records at the time of rebuttal for all of these
14 items.

15 Q. We appreciate that.

16 Now, you mentioned that you provided
17 invoice numbers for all of these items.

18 Can you explain to me how you would
19 have an invoice number if there is no invoice?

20 A. Because it's a -- as I just tried to
21 explain in trying to be helpful and cooperative,
22 these are internally generated invoices. They're not

1 an external invoice. But there is an electronic
2 transaction that took place.

3 And IP's contractor invoice system did
4 generate an electronic transaction that has the same
5 type of information that would be on an external
6 paper invoice. And we supplied that information to
7 Staff on Exhibit 19.13 at the time of rebuttal for
8 all of these transactions.

9 Q. Mr. Nelson, do you see that there may be a
10 distinction between the Ameren Illinois Utilities
11 showing to Staff their general ledger indicating that
12 they made payments and Ameren Illinois Utilities
13 showing Staff that the payments were reasonable and
14 should be included in what is the rates charged to
15 customers?

16 Can you see a distinction there?

17 A. The general ledger entries should be
18 enough. But we went well beyond that.

19 Q. Please, if you would just answer my
20 question, I would really appreciate it. Later, I'm
21 sure Mr. Flynn would love to ask you questions.

22 MR. FLYNN: You know, I'm going to object to

1 the question.

2 Mr. Nelson is here to answer questions
3 about additional information documenting transactions
4 that Staff had challenged as being undocumented. And
5 the Commission has allowed that information in.

6 Staff is now through their counsel
7 suggesting that the real issue is not lack of
8 documentation but rather the reasonableness of the
9 costs, which figures have been known to Staff since
10 the beginning of the case because they are on the
11 general ledger.

12 I understood the issue to be that
13 Staff was unable to substantiate the entries of the
14 general ledger. And now I'm being told that's not
15 the issue at all, the issue is reasonableness.

16 If that's so, that's beyond the scope
17 of this inquiry today. They had every opportunity to
18 ask Mr. Nelson, Mr. Stafford, Mr. Livasy, whomever at
19 our regular evidentiary hearing.

20 This is not a second bite at the
21 apple. This is an opportunity that Staff has to ask
22 questions about the documents that were excluded at

1 the first hearing. Staff was asked at that time if
2 they wanted to cross-examine on the offer of proof.
3 They declined saying they would need to come back and
4 ask questions later. And we said that would be fine
5 with us. And that's why we're here today.

6 This is just hearings round two to ask
7 the questions that they apparently forgot to ask the
8 first time. That is not appropriate. And I object
9 to the question.

10 JUDGE TAPIA: The objection is overruled, and I
11 will allow the question.

12 You may proceed, Ms. Von Qualen.

13 A. I'm sorry, Ms. Von Qualen. Can you re-ask
14 it or have it read back?

15 BY MS. VON QUALEN:

16 Q. Yes. I'll use some of Mr. Flynn's
17 language.

18 Do you understand, Mr. Nelson, that in
19 order to substantiate what AmerenIP has or any of the
20 Ameren Illinois Utilities have provided as costs,
21 Staff would want to see something other than what the
22 Ameren Illinois Utilities companies paid out of the

1 general ledger?

2 A. Yes.

3 Q. And can you point to me where in the record
4 Staff has something which would be other than
5 something generated out of the Ameren Illinois
6 Utilities general ledger to substantiate these costs?

7 A. Yes, I can. I can point to at least three
8 things.

9 Q. Please do so.

10 A. All right. Thank you.

11 I have mentioned many of these -- or
12 some of these. We have verified a hundred percent of
13 the electronic transactions that are on our general
14 ledger in three different ways. And some of these
15 are belt and suspenders. The first way is by-querry
16 record search of the IP accounts payable system which
17 we included in Exhibit 19.13 in rebuttal. So that's
18 the first verification of a hundred percent of the
19 general ledger transaction payments.

20 The second verification is something I
21 talked about, as well. And we have supplied internal
22 invoice records from the contractor invoice system at

1 IP, and we first supplied those on May 21st, 2008 as
2 MHE 14.03 Supplemental. And that information went on
3 the record as Exhibit 61.1 as part of Mr. Livasy's
4 testimony.

5 And then the third verification,
6 because we know Staff had anguish on this issue, we
7 went to our vendors to get further proof after
8 this -- this is a fourth level of proof now, we
9 think, because the general ledger substantiates it,
10 the by-querry record substantiates it, the internal
11 invoice records substantiate it. And then we went to
12 our outside vendors and asked them if they had
13 external invoice records.

14 And in some cases, they did. And Parr
15 and Arby have supplied them. And then the three
16 cases you cited there were no invoice records, we did
17 get them to sign affidavits saying that they did
18 supply those materials and supplies and labor on
19 those dates and we did pay them for that.

20 So we think we've triple or quadrupled
21 supplied information on the record that substantiates
22 these electronic plant additions.

1 Q. Would you agree with me that the first
2 example you gave me, the by-querry record search,
3 would actually be tied to what was in the general
4 ledger?

5 A. I hope it's tied.

6 I mean, the account payable system
7 generated payments, and those are the payments that
8 are recorded on the general ledger. If they weren't
9 tied, it would be a problem.

10 JUDGE ALBERS: And that's 19.13?

11 A. Correct. And that's the general ledger
12 recording that electronic transaction.

13 BY MS. VON QUALEN:

14 Q. That's my understanding.

15 So how is that a separate
16 verification, that the amount in the general ledger
17 is correct?

18 A. It's from a separate system, and 19.13
19 supplies much more information than is on the general
20 ledger. It supplies the same information plus adds
21 to that. It's from a different system.

22 It's essentially -- well, let me find

1 it. Sorry I'm stuttering.

2 (Witness retrieves document.)

3 Okay. I now have Ameren Exhibit 19.13
4 which we have termed the electronic road map that
5 verifies that we did spend the full amount, the
6 \$1,446,000 of electronic transactions. And this
7 print-out from IP accounts payable system has
8 information above and beyond that contained in the
9 general ledger. And the information it does have is
10 the same as what's on the general ledger.

11 Q. It is on the same internal system, correct?

12 A. No, that's not correct.

13 One's the accounts payable system and
14 the other is an accounting system, the general ledger
15 system.

16 Q. Where does the general ledger get its
17 numbers?

18 A. As I've explained previously, one source is
19 the accounts payable system.

20 Q. Thank you.

21 And similarly, when you mention the
22 internal invoice records from the contract system,

1 wouldn't that also be another internal system within
2 IP for the same information?

3 A. It's another internal system within IP.

4 And when you say same information,
5 same information as on the general ledger; is that
6 what you're asking?

7 Q. I'm not saying that all of the same
8 information is in the general ledger but that it
9 would feed that -- some of that information would be
10 fed into the general ledger.

11 A. Absolutely.

12 I mean, that's -- it's a record of an
13 electronic transaction. And, of course, it would
14 feed the general ledger. And in each case, it fed it
15 correctly.

16 Q. And your third example of going to vendors,
17 isn't it true that you used information from one or
18 two of those systems in order to request from the
19 external vendors verification of what you had sent of
20 what Ameren --

21 A. Absolutely. One for three of the systems.
22 We've talked about three systems.

1 Q. Right.

2 A. We would have used information from all
3 three potentially to request the information.

4 Q. Thank you.

5 Now I'd like to turn your attention
6 back to the affidavit from Ms. Anderson and the
7 summary listing or the spreadsheets that immediately
8 follows it.

9 A. (Witness retrieves document.)

10 Yes, I'm here. This is Arby, correct?

11 Q. Yes.

12 A. Thank you.

13 Q. Looking at the first line on the
14 spreadsheet, would you agree that it indicates that
15 it's Work Order 45700, Invoice No. 1659, an invoice
16 date of 5/4/2004, expense GL amount is \$1,939.10?

17 A. Yes, that's correct.

18 Q. And the vendor is Arby Construction?

19 A. Yes.

20 Q. And is the invoice that supports that
21 first item on the spreadsheet the first Arby
22 Construction invoice attached to Ms. Anderson's

1 affidavit?

2 A. Yes, it is.

3 Q. And that first invoice indicates that it's

4 Work Order 1659?

5 A. Correct.

6 Q. Invoice No. 69224?

7 A. Hold on. I'm still searching.

8 I see it, yes. Correct.

9 Q. And invoice date of 5/21/04?

10 A. Correct.

11 Although, there is another date on

12 there, date complete of 5/4/2004 which matches the

13 date on the listing, the invoice date.

14 Q. But you would agree with me that the

15 invoice number on the listing and the invoice number

16 on the invoice itself do not agree?

17 A. That's correct.

18 But when you go to MHE 14.03

19 Supplemental, you see that this invoice with the

20 amount of \$1939.10 and the external invoice from Arby

21 do match exactly in every respect. They're the same.

22 It's just that the \$2041.16 is spread to multiple

1 work orders.

2 Q. Now, do you know if Ms. Anderson relied
3 upon the response from MHE 14 to prepare her
4 affidavit in these attached invoices?

5 A. Relied on response to?

6 Q. MHE 14.06.

7 A. I'm not sure. I don't know.

8 Q. Do you have any reason to believe that she
9 did?

10 A. I have reason to believe that this
11 information was available to the people that were
12 working under my direction and if there was any doubt
13 or question, that would have been part of the dialog
14 between -- I'm sorry. I forgot her name.

15 Q. Ms. Anderson.

16 A. -- Ms. Anderson, the one that signed the
17 affidavit, and Mr. Livasy, for example.

18 Q. Okay. But you can't explain to me today
19 the reasons for the differences between the summary
20 listing Ms. Anderson provides, which I guess was
21 provided by Ameren, and the supporting invoice in
22 regards to the work order number or the invoice

1 number; is that correct?

2 A. The only explanation I can think of is that
3 there isn't -- they have an invoice number and we
4 have an invoice number. And all other respects, the
5 work on their external invoice matches exactly our
6 internally generated invoice, same amounts, same
7 dates, same work order number, same company, and so
8 on.

9 Plus, as we talked about earlier, I'm
10 confident that Ms. Anderson had this listing of
11 information that we have here and she verified
12 through an affidavit that these were the amounts and
13 this is what was paid for our Invoice No. 1659 and
14 the corresponding work order.

15 She came to the same conclusion they
16 are one in the same is what I'm trying to say.

17 Q. Would you agree with me that many of the
18 invoices differ from the listing that is provided
19 with Ms. Anderson's affidavit as to the invoice
20 number and the work order number, that apparently she
21 flipped them?

22 A. Well, keep in mind, when we say invoice

1 number, No. 1659 in the example that you're using, if
2 you look on Arby's external invoice, you see the work
3 order number corresponds exactly.

4 We're calling it -- we called it
5 invoice number. They called it work order number.
6 They're one in the same. And in each case, I
7 verified that our invoice number, for example, the
8 next one, 1683, does tie to the work order number
9 that Arby has. These are the same documents.

10 Q. If you look to the third item on this list
11 where the listing has an invoice number of 1713 --

12 A. I see it.

13 Q. -- and a work order number of 45700 --

14 A. Correct.

15 Q. -- if you look at the invoice which I think
16 is the third one, do you see that there is an invoice
17 number of 69248 on that invoice?

18 A. I do.

19 I also see a work order number of 1713
20 which is identical to what we call the invoice
21 number. And then when I go to MHE 14.03, I can see
22 exactly the amount that's on this external invoice

1 tied in exactly. Once again, it's the same
2 transaction.

3 They've labeled something work order
4 that we've labeled invoice number.

5 MS. VON QUALEN: May I approach the witness?

6 JUDGE TAPIA: Yes, you may.

7 BY MS. VON QUALEN:

8 Q. I'm going to show you what I'm going to ask
9 the Court Reporter to mark as Staff Cross Nelson 1.

10 (Whereupon the Court
11 Reporter marked Staff Cross
12 Nelson No. 1 for the record
13 at this time.)

14 BY MS. VON QUALEN:

15 Q. Do you recognize that?

16 A. Yes, I do.

17 Q. Did you prepare this letter?

18 A. It was prepared under my direction. I
19 reviewed it and signed it.

20 Q. What's the purpose of this letter?

21 A. The purpose of this letter is to notify the
22 Illinois Commerce Commission that Central Illinois

1 Light Company prematurely destroyed or lost by
2 accident certain electric records prior the
3 expiration of the prescribed period of retention.

4 Q. And when were these records destroyed?

5 A. If you look on the certified statement from
6 Bruce Steinke, VP and Controller of Ameren, it says;
7 hereby certify that on or about September 2003 the
8 following were prematurely destroyed or lost.

9 Q. When were you first aware that these
10 records were prematurely destroyed or lost?

11 A. During the course of this case, to be
12 precise, it was after our rebuttal was filed when I
13 delved into this matter in trying to understand what
14 records were missing, lost, destroyed, et cetera.

15 Q. Thank you.

16 I move for the admission into evidence
17 of Staff Cross Exhibit Nelson 1.

18 JUDGE TAPIA: Any objection?

19 MR. FLYNN: Objection, relevance.

20 MS. VON QUALEN: This is relevant to the
21 production of records in this case, which is why we
22 are back here for this hearing.

1 MR. FLYNN: Yes. And Mr. Nelson is being
2 cross-examined with respect to a number of invoices
3 related to AmerenIP and a signed cover letter related
4 to a certified statement prepared by another witness
5 in this case, Mr. Steinke, relating to the
6 destruction or loss of records of AmerenCILCO. And
7 I'm requesting the relevance of this document to
8 Mr. Nelson's cross-examination.

9 Again, this isn't hearings part two.
10 It was my understanding we're here for a specific
11 purpose, cross-examination regarding specific
12 materials that have been admitted into the record at
13 a later date. And I don't think that Ms. Von Qualen
14 has tied these questions or this exhibit to that
15 examination.

16 JUDGE TAPIA: I believe the document is still
17 relevant. I'll overrule the objection. It would be
18 admitted into evidence.

19 That will be Staff Cross Exhibit No.
20 1?

21 MS. VON QUALEN: Staff Cross Exhibit Nelson 1.

22 (Whereupon Staff Cross

1 Exhibit Nelson No. 1 is
2 admitted into the record at
3 this time.)

4 BY MS. VON QUALEN:

5 Q. Thank you, Mr. Nelson.

6 A. You're welcome.

7 JUDGE ALBERS: Do you have any further
8 questions? Actually, I had a couple before we go to
9 rebuttal. I don't usually ask questions about
10 particular invoices. But given the limited time
11 people had to look at stuff, I'm trying to figure out
12 where we're at here.

13 First, turning to the 42.2 exhibit, to
14 make sure I heard you correctly earlier, that list
15 that follows the affidavit, is that something that
16 Ameren provided to the vendor?

17 A. This is a list that Ameren generated. And
18 yes, I believe it was provided to the vendor or
19 something very similar to it. And then there was an
20 agreement between vendor and Ameren as to what the
21 correct payments were. And this is the end result of
22 that.

1 I don't know for sure whether this is
2 the initial list submitted or after-discussion list.

3 JUDGE ALBERS: Okay. You at least identified
4 what you thought were some invoices they might have
5 regardless of what the amount would have been?

6 A. Correct.

7 We had to identify the transaction,
8 the date of the transaction, the work order, or the
9 invoice number, or whatever it was called, in the
10 amount so we can have this dialogue and they can
11 verify it.

12 JUDGE ALBERS: Just to help them find it in
13 their records?

14 A. Absolutely.

15 JUDGE ALBERS: Okay.

16 Do the invoices that Ameren typically
17 gets from Arby Construction, for example, do they
18 look like what appear in 42.2?

19 You can just look at the first one,
20 Work Order 1659.

21 A. (Witness reviews document.)

22 I'm struggling, Your Honor, because I

1 don't remember exactly how we paid for these
2 transactions on the Arby, whether it's -- it is an
3 electronic transaction. So I don't believe there is
4 an external paper invoice that is sent to the company
5 in the mist of that electronic transaction.

6 Instead, what happens is the
7 electronic information is fed into our contractor
8 invoice system as to supplies used, as to labor
9 hours. It's multiplied times the contractual dollar
10 amounts for labor and materials and supplies. And
11 then the system itself generates an invoice, the
12 company internal version of an invoice. And then
13 it's paid electronically. So there is no need of a
14 paper invoice.

15 JUDGE ALBERS: Okay. But when Arby
16 Construction, for example, sends an electronic
17 transaction concerning a particular project for
18 Ameren, someone at Ameren does see that they're being
19 billed for X hours of this person's labor, X amount
20 for use of this machinery?

21 A. It's my understanding that at IP, there
22 were two levels of Ameren approval required for

1 payment, the Ameren person that would enter this data
2 or give it the initial review and then ultimately the
3 final AmerenIP -- or in this case, it would have been
4 Illinois Power approver that approves the payment.

5 Once again, it may have all been
6 generated electronically internally as materials were
7 used and as labor hours are entered into the system.
8 But then there were the two IP level reviews and
9 approvals of that payment.

10 JUDGE ALBERS: So the vendor did -- so you
11 believe the vendor provided specifics about what was
12 done for IP?

13 A. That's correct.

14 JUDGE ALBERS: It wasn't just a total dollar
15 amount due?

16 A. No. It was the detail, specific detail of
17 materials used and labor hours expended on these work
18 order projects.

19 JUDGE ALBERS: Okay. And then there were
20 actually people reviewing that at IP who had to
21 approve it before the money was transferred into the
22 vendor's account?

1 A. Exactly. That's correct.

2 JUDGE ALBERS: And I think you told Ms. Von
3 Qualen you're not familiar with the process by which
4 any of the individual vendors compiled their list of
5 invoices and provided to Ameren to create Exhibit
6 42.2?

7 A. I did not have direct discussions with the
8 companies -- the people that signed the affidavit. I
9 did direct the project with people under my
10 supervision, did send them the information and had
11 those discussions and requested the signing of an
12 affidavit if the company agreed with the dates,
13 amounts and dollars that IP purchased from the
14 vendor.

15 But I don't know exactly what was said
16 between the people working on this project and each
17 vendor.

18 JUDGE ALBERS: Okay. That's the end of my
19 questions for you. Thank you.

20 A. You're welcome.

21 JUDGE TAPIA: Any redirect?

22 MR. FLYNN: Can we have one minute?

1 JUDGE TAPIA: Sure. We'll take a five-minute
2 break.

3 (Whereupon a break was
4 taken.)

5 MR. FLYNN: I just have one question for Mr.
6 Nelson.

7 REDIRECT EXAMINATION

8 QUESTIONS BY MR. FLYNN:

9 Q. Mr. Nelson, Ms. Von Qualen asked you
10 questions regarding what information you believe that
11 Staff believes they would like in addition to your
12 general ledger information.

13 Would you please explain your view of
14 the general ledger and its information it provides.

15 A. Sure.

16 Let's remember that we're talking
17 about plant additions that are already in service,
18 that are used and useful. And there is no dispute on
19 that. There is no evidence on the record to the
20 contrary. They're in service and used and useful.
21 And keep in mind, please, that there are no systemic
22 failures that anyone has pointed out.

1 The systems are in place. And the
2 systems I talked about at IP, the accounts payable,
3 the general ledger, the contractor information
4 system, they were working and they were working well,
5 doing what they were intended to do. Keep in mind,
6 please, that the books and the general ledger are
7 correct as evidenced by the fact that internal
8 auditors and external auditors audited general ledger
9 amounts and it did not identify any exceptions to the
10 generally accepted accounting principles. There's no
11 FERC violations.

12 In essence, Staff has thrown out 100
13 million of about 600 million plant additions,
14 one-sixth of the plant additions. And we never would
15 have survived internal or external audits if we had
16 that type of systemic failure in place, because the
17 adjustment goes way beyond reasonableness.

18 MR. FLYNN: That's the only question I had.

19 JUDGE TAPIA: Ms. Von Qualen, recross?

20 MS. VON QUALEN: I have no further questions.

21 Maybe I do.

22 Ido have a follow-up question.

1 JUDGE TAPIA: Mr. Flynn, are you seeking
2 admission of 42.0 2nd Revised and 42.2?
3 MR. FLYNN: I'm seeking admission of those
4 exhibits, yes, to the extent --
5 JUDGE TAPIA: I'm sorry?
6 MR. FLYNN: To the extent that they are not
7 already admitted, yes, I'm seeking admission of 42.0
8 2nd Revised and 42.2.
9 JUDGE TAPIA: Let me ask you, Mr. Flynn, is
10 42.2 the one that was filed on 5/28/08?
11 Is that correct?
12 MR. FLYNN: Yes, it was filed at the time of
13 our surrebuttal. Whether it was formally accepted
14 for filing by the clerk on 5/27 or 5/28, I'm
15 uncertain as we sit here. But there is no other of
16 that I'm certain.
17 JUDGE TAPIA: Any objection?
18 MS. VON QUALEN: Well, yes.
19 JUDGE TAPIA: Objection is overruled.
20 42.0 Second Revised and Ameren Exhibit
21 42.2 is admitted into evidence.
22 (Whereupon Ameren Exhibit

1 acknowledges, we acknowledge he is still under oath.

2 I had mentioned off the record that
3 regrettably there were a few corrections to
4 Exhibit 43.7 which had been previously included
5 which we did not note at the time that the offer of
6 proof was made and suggested that he alert us as to
7 those corrections now if that is acceptable.

8 JUDGE TAPIA: Yes.

9 Thank you, Mr. Flynn.

10 MR. STAFFORD: On Ameren 43.7, there is a
11 reference in the form of support provided to
12 affidavit and Ameren Exhibit 42.2 for Shade Tree
13 Company, and in Exhibit 42.2, no affidavit was
14 provided. We did obtain one from Shade Tree which
15 was not included with that exhibit. So the reference
16 to Affidavit 42.2, next to each reference of Shade
17 Tree Company should be removed.

18 In addition, reference to affidavit
19 and 42.2 next to Mettman Safety Supply Company should
20 also be removed. Again, an affidavit was obtained
21 from Mettman that was not included in the exhibit, and
22 therefore, it should be removed from the reference to

1 Mettam Safety Supply Company and each location where
2 Mettam shows up on Exhibit 43.7.

3 In addition, there is some references
4 to site drafts again under the column form of support
5 provided, and wherever there is a reference to site
6 drafts, there's also a reference to Ameren Exhibit
7 No. 61.2 for each of these locations. Those site
8 drafts were actually included in evidence and
9 surrebuttal and no Exhibit 61.2 was filed. So the
10 reference to site drafts and Exhibit 61.2 should be
11 removed and each location where they show up again in
12 Ameren Exhibit 43.7.

13 And that is the extent of my
14 corrections.

15 JUDGE TAPIA: Thank you.

16 Let the record reflect the corrections
17 outlined by Mr. Stafford.

18 Do you have any questions, Mr. Flynn?

19 MR. FLYNN: No. He is ready to go.

20 JUDGE ALBERS: Mr. Stafford, I just have a
21 clarifying question regarding Exhibit 43.6.

22 Do you have that in front of you?

1 MR. STAFFORD: Yes, I have that.

2 JUDGE ALBERS: Where it refers to the IP
3 electric list, I think the document states Schedule 2
4 IP-E.

5 Was it supposed to be Schedule 3?

6 MR. STAFFORD: Yes, it should be.

7 Originally in my surrebuttal
8 testimony, I had indicated that Exhibit 43.6 includes
9 Schedules 1 through 6 for each of the six separate
10 entities. And, in fact, Schedule 2 for IP was a
11 replicated or duplicated reference. So Schedule 2
12 should be Schedule 3 for IP-Electric.

13 JUDGE ALBERS: Okay. Thank you.

14 CROSS-EXAMINATION

15 QUESTIONS BY MS. VON QUALEN:

16 Q. Good afternoon, Mr. Stafford.

17 A. Good afternoon.

18 Q. I have a few questions for you.

19 First, I would like to draw your
20 attention to your responses to the MHE-3 series of
21 DRs which were included in the record previously.

22 You're familiar with those responses?

1 A. Yes.

2 Q. In addition to the narrative response that
3 was provided for the MHE-3 series, would you agree
4 that you also provided substantial documents for the
5 cost of the projects identified in those data
6 requests?

7 A. Yes.

8 Q. May I approach the witness?

9 JUDGE TAPIA: Yes, you may.

10 BY MS. VON QUALEN:

11 Q. I'm now going to show you six CDs and ask
12 you if you recognize these. And if you need to, we
13 have a computer there for you to look at the CDs
14 themselves if you need to do that to recognize them.

15 A. I recognize the CDs in general. The CDs
16 with dates on them I specifically recognize. There
17 are three here without actual dates.

18 Let me look at my list here to see how
19 many CDs we provided.

20 (Witness retrieves document.)

21 We provided a total of six CDs in
22 response to MHE-3 series. I would have to look at

1 the three of the six CDs to confirm that those were
2 those same three of six since they're not dated.

3 Q. Please feel free to do so.

4 Do you know how to plug in the laptop
5 and look at them?

6 MR. FLYNN: Do you promise they are the ones we
7 sent?

8 MS. VON QUALEN: I believe they are.

9 MR. FLYNN: Okay. That's good enough for us.

10 BY MS. VON QUALEN:

11 Q. With that, would you agree that the CDs,
12 those six CDs were produced to Staff over about a
13 two-month time frame, in the early part of the year
14 starting in the first part of, I think, January and
15 the last one produced, I believe, about February 19th
16 of this year?

17 A. I would generally agree.

18 The initial CD was provided on
19 December 14th, 2007. So they were actually provided
20 over -- slightly over a three-month time frame.

21 Q. Okay. Thank you.

22 Would you agree that the CDs contain

1 approximately 8700 pages of documentation?

2 A. I would agree subject to check.

3 I understand that's the number Staff
4 previously referenced as the total paper count or
5 page count on the CDs, yes.

6 Q. And that would be documentation regarding
7 plant additions and specifically the projects that
8 were listed in the MHE-3 series of DRs?

9 A. Yes.

10 MS. VON QUALEN: At this time, I'm going to
11 move for admission into the record of all of those
12 six CDs. I would like to call them Staff Stafford
13 Group Cross Exhibit 5.

14 These CDs contain the material Ameren
15 had previously, I think, suggested be included within
16 the MHE-3 series that were entered into evidence. At
17 that time, Staff did not believe it was necessary to
18 include this information in the record.

19 Given the Commission's ruling
20 regarding the motion to strike in allowing the
21 additional information attached to Mr. Stafford's
22 surrebuttal testimony into the record, Staff now

1 believes that this information is necessary for the
2 record and would move for admission into the record.

3 JUDGE TAPIA: Any objection to Staff Cross
4 Exhibit Stafford -- No. 1, Ms. Von Qualen?

5 MS. VON QUALEN: I'm sorry. Staff Stafford
6 Cross Group Exhibit 5.

7 We had put in Cross Exhibits 1 through
8 4 in the initial portion of the hearing. So this
9 just picks up the numbering where we left off.

10 MR. FLYNN: If I might, I recall the events Ms.
11 Von Qualen is referring to is when Staff sought the
12 admission of certain data request responses that
13 referenced attachments and did not provide the
14 attachments. And at that time, I believe I had
15 suggested that it would be appropriate to include the
16 attachments. And Ms. Von Qualen informed me and
17 other staff counsel -- I don't recall exactly who --
18 we were talking about literally feet of documents and
19 I withdraw my request.

20 It's not clear to me -- not that's the
21 legal standard. But it's not clear to me at this
22 point what the purpose of offering the material at

1 this point is. I understand -- I heard Ms. Von
2 Qualen quite clearly say that Staff believes it's
3 appropriate in light of the Commission's actions to
4 add this material to the record, but I did not hear
5 any reason why it's appropriate.

6 So I don't think the motion is
7 well-taken at this point. Although, if she would
8 like to explain, I, of course, will listen.

9 JUDGE TAPIA: Ms. Von Qualen.

10 MS. VON QUALEN: Certainly.

11 The information in those six CDs is
12 information that Staff believes is necessary to be
13 reviewed simultaneously with the information that was
14 provided attached to Mr. Stafford's surrebuttal
15 testimony.

16 We can wait for the admission of those
17 six CDs until I have completed my cross-examination
18 because I believe my cross-examination will
19 illustrate why the information is necessary.

20 Part of the problem we're dealing with
21 is information that is coming to the record that has
22 not been subject to an analysis by Staff. It would

1 be Staff's position that if this information were to
2 be considered by the LAJs or the Commissioners, that
3 some analysis should be done with the information
4 attached to Exhibit 43.

5 And in order to do that analysis,
6 whoever did it, would need access to the information
7 that was provided in response to the MHE-3 series of
8 DRs.

9 JUDGE TAPIA: I'll hold the ruling until after
10 Ms. Von Qualen's cross-examination.

11 MR. FLYNN: Thank you.

12 MS. VON QUALEN: Thank you.

13 BY MS. VON QUALEN:

14 Q. Mr. Stafford, would you agree with me that
15 Ameren is requesting to capitalize the costs for
16 plant additions?

17 A. Yes.

18 Q. So, looking at Exhibit 43.6 included in
19 your surrebuttal testimony, would you agree that
20 Ameren is seeking to recover all items on 43.6,
21 Schedule 8 that are listed in the supported column?

22 A. You're referring to Schedule 8?

1 Q. Yes, 43.6, Schedule 8.

2 A. Yes.

3 Those are documents that the Company
4 is requesting recovery of. They total about, I
5 believe, \$146,000 in total compared to \$23 million of
6 Staff's original proposed adjustment.

7 Q. Would you agree with me that Ameren
8 Exhibit 43.6, Schedules 1 through 6 are listings of
9 invoices for CILCO, CIPS and IP electric and gas?

10 A. Yes.

11 Q. Would you agree that the 43.6, Schedule 1
12 through 6 listings includes new listings, as well as
13 some that have been included in prior listings?

14 A. It includes some new listings, about 70 in
15 total, again totaling about one percent of the -- or
16 less than one percent of the original adjustment from
17 Staff.

18 \$146,000 in total in addition includes
19 clarification of a number of items that Staff took
20 issue with primarily related to further explaining
21 used taxes, purchasing rates, discounts.

22 Q. And those items that were provided in

1 previous listings were provided either in the
2 response to MHE-3 series or in rebuttal testimony
3 with Ameren Exhibit 19.12, Schedules 8 through 13?

4 A. The majority of the information was
5 provided previously in Ameren Exhibit 19.12. We
6 sought to further clarify this explanation in
7 response to Staff's position, continued position
8 proposing to not approve or not allow recovery of
9 those costs.

10 Q. Would you agree that any of the information
11 was included in Ameren's response to the MHE-3
12 series?

13 A. The majority of the information on Ameren
14 Exhibit 43.6 provides a description of a road map for
15 invoices that were included in the MHE-3 series.

16 In addition, the majority of the
17 invoices provided previously in Ameren Exhibit 19.12
18 were included in the MHE-3 series.

19 Q. And would you agree with me that Schedule 8
20 of 43.6 contains invoices that were provided for the
21 first time in surrebuttal testimony?

22 A. Those invoices were provided for the first

1 time in surrebuttal testimony, yes.

2 No, I correct that. The invoices were
3 provided to Staff in supplemental -- the majority of
4 them were provided to Staff in supplemental data
5 requests prior to the time of Ameren filing its
6 surrebuttal testimony.

7 Q. But as far as the record in this case --

8 A. Yes.

9 Q. -- the invoices would have -- are they all
10 invoices that have not previously been provided to
11 the record in this case; do you know?

12 A. The invoices included on Schedule 8 were
13 invoices that were not previously in record evidence.
14 As I indicated, they were previously provided to
15 Staff as supplemental data request responses for the
16 most part.

17 Q. Thank you.

18 Now, do you have Exhibit 43.6 with
19 you?

20 A. Yes.

21 Q. I would like you to refer to Ameren
22 Exhibit 43.6, Schedule 2-IPE which I think I

1 understand should be referred to as Schedule 3-IPE.

2 A. I have that.

3 Q. And I'm looking at Project 16304.

4 MR. FLYNN: Do you know what page that's on?

5 MS. VON QUALEN: I believe it's on Page 34.

6 I don't know if LAJ can find a page

7 number on their copies. I know Staff had a great

8 deal of difficulty finding the page number.

9 JUDGE ALBERS: Are you talking about these?

10 MS. VON QUALEN: Yes.

11 A. The version I'm looking at right now is

12 numbered Page 12 of 27. I don't have the continuous

13 page number on mine. I have another version with

14 continuous page numbering.

15 MR. FLYNN: Now that I found the page, could I

16 trouble you for the project number again?

17 MS. VON QUALEN: 16304.

18 MR. FLYNN: Thank you.

19 BY MS. VON QUALEN:

20 Q. Now, Mr. Stafford, what you're looking at,

21 although it doesn't have continuous page numbers,

22 will be identical to what we have as 43.6, Schedule 2

1 or 3, I believe.

2 A. Yes.

3 Q. I'd like to draw your attention to the
4 first item on the listing.

5 Would you agree that the name on the
6 vendor column for the first item is Mohammed Shamloo,
7 S-H-A-M-L-O-O?

8 A. Yes.

9 Q. And the amount listed in the supported
10 column is \$10.58?

11 A. Could you repeat that, please?

12 Q. Yes.

13 The amount in the column, amount
14 supported is \$10.58?

15 A. Yes.

16 Q. Is there a voucher number listed on 16304
17 associated with that line item?

18 A. No.

19 Q. Would you please refer to the second and
20 third page of Ameren Exhibit 43.6, Schedule 8, Part 6
21 Revised which will be the portion of Schedule 8 which
22 references AmerenIP Electric Project No. 16304.

1 A. Can you give me the page again?

2 Q. I don't see page numbers on here. I'm

3 sorry.

4 A. (Witness retrieves document.)

5 I've got it.

6 Q. You found it?

7 A. Uh-huh.

8 Q. Now, these are the additional invoices that

9 were provided in surrebuttal testimony, correct, or

10 these are some of them?

11 A. That's correct.

12 Q. So would you agree that the second and

13 third pages -- or I guess the first and second pages

14 after the cover page there, AmerenIP Electric, are a

15 statement from JP Morgan Chase and a credit card

16 receipt for Mohammed R. Shamloo?

17 A. That's -- this is an employee expense

18 statement for Mohammed Shamloo.

19 Q. So this person is an IP employee?

20 A. Yes.

21 Q. Would you also agree that the charge of

22 \$10.58 is circled and checked on the JP Morgan Chase

1 statement?

2 A. Yes.

3 Q. And can you read the name of the entity on
4 the top of the receipt on the second page?

5 A. Li'l Porgy's Barbecue.

6 Q. Now would you refer to Exhibit 43.6,
7 Schedule 7. And I'm looking specifically at the
8 summary listing for IP Electric Project 16304.

9 A. (Witness retrieves document.)

10 Yes, I have that.

11 Q. Will you show us where Li'l Porgy's
12 Barbecue expense item appears on that summary
13 listing?

14 A. The summary listing, Schedule 7 Revised,
15 Page 5 of 6 lists Project No. 16304, voucher number
16 references employee expense, vendor references
17 Mohammed Shamloo in the amount of \$10.58.

18 Q. Thank you.

19 Now I would like for you to look at
20 43.6, Schedule 8, Part 7 for IP Project 45579.

21 JUDGE ALBERS: Can I have a moment?

22 Would it be correct, Mr. Stafford,

1 that it is the Company's position they would like to
2 capitalize this man's lunch at Li'l Porgy's?

3 A. I'm sorry. Can you repeat that?

4 JUDGE ALBERS: Under Li'l Porgy's for \$10.58 --

5 A. Yes.

6 JUDGE ALBERS: -- is it my understanding that
7 the Company wants to capitalize the expenses
8 reflected in Exhibit 43.6?

9 A. Yes.

10 JUDGE ALBERS: So the Company wants to
11 capitalize Mr. Shamloo's lunch?

12 A. It would be a case where that particular
13 employee is working on a capital project. And under
14 Company policy, he would be allowed to get reimbursed
15 for a meal related to that particular work.

16 JUDGE ALBERS: Does the company pay for
17 everybody's lunch?

18 A. If they are working on a project away from
19 home and are out working on that project at that
20 time, I believe it would be the case that they would,
21 yes.

22 JUDGE ALBERS: Okay. I notice on this receipt

1 it says lunch LaSalle, 130 AKV line next to that
2 Xerox copy of the receipt.

3 Is that the project that's associated
4 with that?

5 A. I believe it is, yes.

6 JUDGE ALBERS: Okay. Is the -- I think I'm
7 familiar with the LaSalle project.

8 Is that part of the pending
9 transmission line docket -- is that the same project?

10 A. I don't believe it is in this particular
11 case given that we're dealing with a 130 AKV line. I
12 believe it's a distribution project.

13 JUDGE ALBERS: Would that be LaSalle County?

14 A. I'm not sure.

15 JUDGE ALBERS: Okay. I'm pretty sure the
16 LaSalle County transmission line project was a 130
17 AKV line. But maybe I'm not familiar with that
18 correctly.

19 All right. Well, okay. Li'l Porgy's
20 is in Champaign where LaSalle County is elsewhere.

21 But anyway, go on. Sorry.

22

1 BY MS. VON QUALEN:

2 Q. Are you at 43.6, Schedule 8, Part 7, IP
3 45571?

4 A. Yes, I'm at that project.

5 Q. And the first item that's provided as a
6 receipt, that is a statement from U.S. Bank to John
7 R. Pulley; is that correct?

8 A. That's correct.

9 Q. This is another Illinois Power employee?

10 A. Yes.

11 Q. You agree the amount that is circled is
12 \$29.91?

13 A. Yes.

14 Q. And would you look at the next page which
15 is a receipt from Geno's 148 Club.

16 A. I see that.

17 Q. And you agree that the receipt indicates
18 there was \$26.41 for food and a gratuity of \$3.50
19 which comes to a total of \$29.91?

20 A. Yes.

21 Q. Now I would like to refer your attention to
22 Ameren Exhibit 43.6, Schedule 2 of 3, IP-E from

1 Project 16304.

2 A. (Witness retrieves document.)

3 I have that.

4 Q. I'd like to draw your attention to what is

5 about the 13th item on the list. It's in the middle

6 of the page which I have as 35 of 89, an item

7 identified as Schomburg & Schomburg,

8 S-C-H-O-M-B-U-R-G. This in the middle of the second

9 page. It starts at the bottom of Page 34 and the IP

10 Project No. 16304 does.

11 And the item I'm referring to is on

12 the next page in about the middle of the page.

13 A. Would you repeat the amount again?

14 Q. \$2747.37.

15 A. I have that.

16 Q. Would you agree that the explanation in the

17 column reason amount is supported is the attached IP

18 imaging sheet that shows the account was properly

19 distributed and billed to IP?

20 A. Yes.

21 Q. What is an IP imaging sheet?

22 A. I'd have to look at the actual sheet to

1 determine that, whether that's different than our
2 accounts payable imaging specifically. I believe
3 that's in reference to the accounts payable imaging
4 sheets that we have attached to a number of our
5 invoices.

6 Q. And if it is an accounts payable imaging
7 sheet, what would that be?

8 A. It's a sheet that comes out of our accounts
9 payable system. It's a way to save paper. We have
10 our invoices placed in an imaging system where you
11 can see an exact copy of the invoice electronically
12 on screen as opposed to dealing strictly with a paper
13 version of the invoice.

14 Q. So it's pretty much -- it's just a copy of
15 the invoice, electronic copy of the invoice?

16 A. It's a copy of the invoice, and then also
17 there would be a copy of accounts payable imaging
18 sheet that could provide additional details regarding
19 the transaction, such as vendor, taxes that may have
20 been applied to the transaction, purchasing rates
21 that could have been applied to it.

22 Q. Now, would all AP imaging sheets include

1 all of that information or some do and some do not,
2 if you know?

3 A. It generally includes the information where
4 applicable to additional taxes and discounts,
5 purchasing rate matters, and so forth, along with
6 vendor information.

7 Q. And how is that information put onto the AP
8 imaging sheet?

9 A. Well, I believe it's handled automatically
10 electronically through the software itself along with
11 input from the particular AP personnel to the extent
12 there is additional need for additional input rather
13 than information being generated automatically from
14 the software itself.

15 Q. Now, would you tell me if this AP or IP
16 imaging sheet is provided in Schedule 8?

17 A. This particular -- from what I can tell,
18 this particular item would have been provided
19 previously in rebuttal testimony as an attachment to
20 Ameren Exhibit 19.12, or it could have been provided
21 with the original CD. I have not confirmed that.

22 It was not provided as a new item, to

1 my knowledge, in surrebuttal.

2 Q. Would you show me where it would be
3 located?

4 I have here a copy -- an electronic
5 copy of Exhibit 19.12, Schedules 8 through 13 which I
6 would be happy to give to you. And then I would
7 appreciate it if you would show me where this either
8 IP or AP imaging sheet would be located on either the
9 production for the MHE-3 series or 19.12.

10 Let the record reflect that Mr.
11 Stafford has opened the CD that I gave him which is
12 Ameren Exhibit 19.1 with 2, I believe.

13 A. I can't tell from looking at this level of
14 detail which part that would be in. I have
15 Exhibit 19.12 with me in paper copy.

16 Q. Would it be easier for you to look at that?

17 A. Yes.

18 Given the lack of the unique
19 description on here, I can't tell without arbitrarily
20 opening each site.

21 Q. Mr. Stafford, while you're doing that,
22 could you tell me what it is that you're doing, how

1 you're determining where to look in that document?

2 A. I'm looking at Exhibit 19.12, looking for
3 the IP Electric detail related to Project 16304.

4 I don't have a complete set of this
5 with me. Mine stops at CIPS Electric. I don't know
6 if we have a complete set of the paper, a copy of
7 19.12.

8 MS. VON QUALEN: Does anybody from Ameren have
9 a complete set?

10 MR. FLYNN: Mine's electronic. It looks like
11 yours.

12 A. I have CILCO Electric and CIPS Electric
13 information, but I have not located the IP Electric.

14 BY MS. VON QUALEN:

15 Q. Well, the only one I can give you is the
16 one I already have given you. If you want to take a
17 look at that.

18 Or I guess I'm asking you to please
19 take a look at that.

20 Alternatively, if you think it's more
21 likely to find it in the MHE-3 series responses.

22 A. I think I'll go ahead and look on here and

1 see if I can find the -- if these are in order, then
2 I might be able to find it that way.

3 It may take a while to do this. I'll
4 go ahead and look at the CD. Finding which part this
5 is under with this approach will take a long time.

6 (Witness attempts to retrieve
7 document.)

8 Q. What's your approach that you're using to
9 try to find it?

10 A. I was just opening individual parts of
11 Exhibit 19.12 to try to find the particular line item
12 that you're asking about.

13 There's 38 parts in total on the
14 electronic version. So attempting to find that is
15 not easy to do.

16 Q. Is there a logical place where it would be
17 in the electronic version?

18 A. It would be in here.

19 Here's an example in front of us of an
20 AP imaging sheet for different transactions.

21 What I was attempting to do was to try
22 and find the specific transaction you were asking

1 about.

2 Q. Is there a method that you could use to
3 search that CD to find that reference either by
4 searching for Schomburg or the voucher number or some
5 other methodology?

6 A. I don't know if there is a way to do that
7 or not. I'm not sure.

8 Q. So you would agree with me, though, would
9 you not, that this particular imaging sheet is not
10 included with your surrebuttal testimony; so your
11 testimony as it would be included either somewhere in
12 19.12 or somewhere in the MHE-3 series?

13 A. It would have been included in Ameren
14 Exhibit 19.12 in one of the parts. I obviously don't
15 have all of these parts with me in paper form. And
16 I'm not absolutely sure whether it's included in the
17 original CD or not. I do know for sure it's included
18 in the Ameren Exhibit 19.12.

19 To the extent we made reference in
20 Ameren Exhibit 19.12 in the road map that we created
21 there and referenced an attached sheet, then we
22 included that attached sheet in response to Ameren

1 Exhibit 19.12, it's not clear from this description
2 whether that particular sheet itself was included in
3 the original CD. I, of course, could look at that
4 original CD if you want me to.

5 Q. What CD are you offering to look at?

6 A. I could look in the original CD that we
7 provided with invoices to see if that imaging sheet
8 is in that CD. You handed me the original six CDs
9 earlier. I can look at those.

10 Q. Would you please do that.

11 A. (Witness locating CD.)

12 Q. You identified a CD you believe it was on?

13 A. I know it was provided on January 7th. I'm
14 looking to see if, first of all, any of the labeled
15 CDs are from January 7th. And they are not. So I
16 can tell it's in one of the other three CDs that you
17 handed me.

18 Q. And can you tell me how it is you know it
19 was provided on January 7th?

20 A. I kept track of the dates that we provided
21 the invoices to Staff by project numbers.

22 Q. And did you provide Staff with an

1 itemization by date of what invoice numbers were
2 provided on what dates?

3 A. No.

4 When Staff received the CD, they could
5 see directly on the CD what projects were provided
6 and could keep track of that however they chose to do
7 so.

8 That was just for my internal
9 reference to make sure that we provided CDs for every
10 project to Staff.

11 (Witness reviews CD.)

12 I have opened up the CD. And the
13 first file for 16304 provides the project summary
14 listing that was provided to Staff for that project
15 on electronic format. So it lists each line item
16 that was related to that project.

17 If I understand you correctly, you
18 were asking about an amount of \$22,747.37 --

19 Q. Yes.

20 A. -- is that correct?

21 (Witness reviews CD.)

22 There it is. So it's identified

1 towards the bottom of the screen. Now it's a matter
2 of finding that particular document within the CD.
3 It's on Page 3 of 11 within this listing. So it's
4 likely in a later part than the one listed here
5 currently.

6 I'm going from starters and we'll go
7 to the bottom of this schedule and try to determine
8 how far this particular part goes, what the last
9 transaction is.

10 L.E. Myers, \$289.68.

11 Q. You're looking for L.E. Myers?

12 A. Yes.

13 Let me look at another part.

14 Q. You didn't ever find it; is that right?

15 A. Did not find the L.E. Myers right then, no.

16 It's a process of reviewing the
17 invoices to find/ correlating the lines with the
18 invoice itself. It takes some time. Unless someone
19 has a paper copy of the invoice.

20 There's a Schomburg transaction.

21 Let's see if this is the one.

22 I'm seeing a Schomburg transaction on

1 here. I don't see the IP imaging sheet from what I'm
2 reviewing here. So it may be that imaging sheet was
3 provided for the first time in rebuttal.

4 Q. Do you see anything for the amount of
5 \$2747.37?

6 A. I'm not sure if I'm in the right section of
7 Schomburg right now with certainty. I have not seen
8 that certain amount on here.

9 Q. Would it be possible that the Schomburg
10 invoices would be in more than one place?

11 A. The Schomburg invoices should be in order
12 on the CD, ordered in accordance with the project
13 summary sheet.

14 What I can't determine from looking at
15 this is whether I'm in the right location. As I
16 indicated before, if I had a copy of the rebuttal
17 schedule, it would be clearer to look at that unless
18 I find the actual imaging sheet here.

19 I can't tell from looking at this
20 without spending quite a bit more time going through
21 it to see if that's on here.

22 I'm not finding the IP imaging sheet

1 right now on the review of the original CD. I'm not
2 sure if it's on there or not.

3 Q. You indicated that you were sure that it's
4 on 19.12, though?

5 A. We indicate that it was provided in
6 response to 19.12. So, if the exhibit got filed
7 correctly, then I'm sure that it's on there.

8 Q. Now, are you seeing that on 43.6, Schedule
9 2, IP-E in reference to 19.12?

10 A. I'm seeing it there, yes.

11 Q. Where?

12 Can you tell me how you would know
13 that?

14 A. Where?

15 Q. Yes.

16 Can you indicate to me how looking at
17 43.6, Schedule 2 IP-E know that the imaging sheet was
18 provided in 19.12.

19 A. It's because when I look back at 19.12, the
20 exact same description was on there.

21 This information is not new evidence
22 at surrebuttal. It's evidence that was previously

1 provided at rebuttal. So I'm looking at 19.12. I
2 can tell nothing changed from rebuttal to surrebuttal
3 with regard to this line item.

4 Q. Okay. Thank you.

5 Now, still looking at this item number
6 -- I'm going to move on. But still looking at
7 Project 16304 in the Schomburg amount, would you look
8 at 43.6, Schedule 7.

9 A. (Witness locates document.)

10 I have that.

11 Q. Would you agree that for IP Electric,
12 Project No. 16304, this vendor amount is not listed
13 on Exhibit 43.6, Schedule 7 revised?

14 A. That's correct.

15 And that's because Schedule 7 Revised
16 is only documents that we provided in surrebuttal
17 that were not previously provided in rebuttal.

18 Q. Thank you.

19 Now I'm looking again at 43.6,
20 Schedule 2, IP-E. I'm looking at the same page we
21 were looking for the Schomburg amount.

22 A. I have that.

1 Q. I'd like you to look at the third entry
2 from the bottom of that page.

3 A. Yes.

4 Q. Would you agree the name in the vendor
5 column is AFL Telecommunications?

6 A. My line numbering is slightly different.
7 What amount is associated with that
8 AFL?

9 Q. \$2.55.

10 A. I have that.
11 That's the fifth line from the bottom
12 on my copy.

13 Q. And the voucher number is 014324?

14 A. Yes.

15 Q. Would you agree that the explanation in the
16 reason amount supported column states \$2.55 cents
17 representing a 1.8 percent purchase rate applied to
18 the \$141.54 invoice?

19 A. Yes. That's the description there.

20 Q. Would you agree that column labeled
21 speculated reason for challenge is not on this
22 invoice?

1 A. Yes.

2 Q. Is this amount listed on Exhibit 43.6,
3 Schedule 7 Revised?

4 A. No.

5 Q. Would you agree this may be located in a
6 previous production?

7 A. Yes.

8 In fact, since it's not shown on
9 Schedule 7, it would indicate it was previously
10 provided in rebuttal.

11 Q. Now I'd like you to look at the original
12 CDs and find on the summary list for IP Electric
13 Project 16304 this amount, if you can.

14 A. It's right here towards the bottom of the
15 schedule, \$2.55.

16 Q. Can you see anywhere on that schedule that
17 indicates a 1.8 percent purchasing rate?

18 A. On which schedule?

19 Q. The one you are looking at right now.

20 A. I don't believe that's the schedule.

21 That's the original CD provided.

22 No, the 1.8 purchasing percent rate

1 does not show up on here. It was provided as an
2 additional description in our rebuttal testimony.

3 Q. Okay. So you would agree that there would
4 not be an invoice with that \$2.55?

5 A. There would not be a separate invoice for
6 that. It's part of this overall voucher number shown
7 on here.

8 Q. Do you know which invoice the \$2.55 would
9 go with?

10 A. It corresponds with Voucher No. 01434. I'm
11 not sure right now which invoice number it goes with
12 because the invoice number does not show up
13 separately on our road map, Exhibit 19.12.

14 We literally would have to find this
15 invoice on the CD and look to see what the invoice
16 number is for that.

17 Q. If we did that, would it be able to tell me
18 from the invoice about the 1.8 percent purchasing
19 rate?

20 A. I don't know with certainty whether we
21 would or not without looking at that invoice.

22 Q. Well, are any of the invoices with the same

1 associated voucher number for the \$141.54 which you
2 referenced in 43.6, Schedule 2, IP-E?

3 A. Would you repeat the question, please?

4 Q. Yes.

5 I'd like you to look at -- looking at
6 that summary listing which was provided in response
7 to MHE-3 series of DRs, I would like you to identify
8 whether any of the invoices associated with the same
9 voucher number are for the amount referenced in
10 Exhibit 43.6, Schedule 2, IP-E of \$141.54.

11 A. I don't see the specific listing of the
12 invoice.

13 The invoice amount is \$141.54. We
14 would have to look at the details to see whether that
15 particular voice is part of this overall group shown
16 here.

17 As we indicated in the explanation,
18 the \$2.55 is the purchasing rate on an invoice amount
19 of \$141.54.

20 Q. So, when you say you have to look at the
21 details --

22 A. I'd have to look at the details of the

1 invoice to see that, yes.

2 Q. That would be to see if one item on one
3 invoice was \$141.54?

4 A. Yes.

5 And back where there was items Staff
6 took issues with in their direct testimony, we
7 included copies of the invoices as part of our
8 rebuttal testimony.

9 As I indicated earlier, I looked for
10 that and could not find the exact portion of that.

11 Q. Would you agree with me that IP has never
12 identified or explained to Staff this 1.8 percent
13 purchasing rate?

14 A. I would not agree that Ameren has not
15 explained the purchasing rate. I agree that we have
16 not specifically referenced a 1.8 percent rate
17 itself. I agree with that.

18 Q. Are you aware of anything that Ameren could
19 have provided Staff, any documentation regarding the
20 1.8 percent purchasing rate?

21 A. Ameren did provide documentation in its
22 rebuttal that would have highlighted on the invoice

1 the purchasing rate and would have documented that
2 was related to that particular charge.

3 Q. If I understand you correctly, what Ameren
4 provided in rebuttal was just the conclusory amount
5 on an invoice of taking the amount of the invoice
6 times 1.8 percent; is that correct?

7 A. Well, it indicates here that for this
8 particular item, the \$2.55 represents the 1.8 percent
9 purchasing rate.

10 Without seeing the actual invoice, I
11 don't know if there is an additional imaging sheet or
12 document that provides further explanation of that.

13 Q. What I'm trying to ask, and apparently, I'm
14 not being very clear, how do we get to the 1.8
15 percent purchasing rate?

16 Do you recall during the other portion
17 of the cross hearing I asked you something about a
18 CIPS purchasing rate which was 1.6 percent, and there
19 was some documentation, some kind of something that
20 set out in it that there was a 1.6 percent purchasing
21 rate that applies to items up to some unidentified
22 amount, I think?

1 Is there such documentation for the
2 1.8 percent purchasing rate?

3 A. I can't answer the question for sure.

4 I do know that there's information --
5 the system itself calculates the purchasing rate. I
6 don't recall with this particular item, whether there
7 is documents provided that shows the 1.8 percent
8 purchasing rate.

9 Q. What is the basis for the system
10 calculating a 1.8 percent purchasing rate?

11 A. It calculates the purchasing rate that is
12 in effect at that time based upon the cost to process
13 purchase orders and transactions to which the
14 purchasing rate would be applied.

15 Typically, that rate changes from year
16 to year. 2007, that year is going to be -- is 1.4
17 percent. For most of the transactions under review
18 in this case, the purchasing rate in effect at that
19 time was 1.6. 2002 -- and that's the rate I
20 referenced in my testimony. 2002 for CIPS, for
21 example, the rate was 1.5 percent.

22 So the rate does change from year to

1 year based upon analysis of costs that may be
2 recovered through that method.

3 MR. MOSSOS: I'm sorry. This is Elias Mossos
4 on the phone.

5 We're having a hard time hearing the
6 witness.

7 JUDGE TAPIA: Thank you, counsel.

8 Let us know if you can't hear from
9 here on.

10 A. Yes, I'm at the microphone now. Sorry.

11 JUDGE TAPIA: Mr. Mossos, can you hear?

12 MR. MOSSOS: Loud and clear. Thank you.

13 BY MS. VON QUALEN:

14 Q. So am I correct that the purchasing rate is
15 a moving target; it changes from year to year?

16 A. The purchasing rate can change from year to
17 year. It's designed to recover costs associated with
18 processing those transactions to the extent that
19 costs to be recovered through the purchasing rate are
20 included.

21 Generally speaking, it's costs related
22 to purchase orders and the AP side of processing the

1 transaction.

2 Q. How would Staff know what a purchasing rate
3 was for any of the individual utilities on a year to
4 year basis?

5 A. It would be a matter of communication
6 between the Company and Staff to understand that.
7 Staff could ask the question informally as they did
8 in the prior rate case.

9 There's discussions set during the
10 in-house audit phase where Staff sat down with myself
11 and our manager and supervisor of general ledger and
12 discussed the purchasing rate and how it worked. And
13 Staff requested data explanation on how there was no
14 adjustment related to purchasing rate.

15 Obviously, it could be done through
16 more formal means, such as issuing a data request.
17 It's a matter of communication on our part with Staff
18 or Staff's communication with us.

19 Q. Now I'd like to draw your attention to what
20 is on my copy the last item on the same page for IP
21 Electric 16304. And the name and the vendor column
22 is Thomas and Betts Corporation.

1 A. I have that.

2 Q. And there is Voucher No. 017939, and the
3 amount associated with it is \$2.32.

4 Do you see that?

5 A. Yes, I have that.

6 Q. And do you see the column reason amount is
7 supported?

8 A. Yes.

9 Q. And do you see that it says a 1.6 percent
10 adder?

11 A. Yes.

12 Q. And the speculated reason for change is
13 indicated as amount on invoice did not correspond to
14 the listing?

15 A. Yes.

16 Q. Now, is this amount listed on Exhibit 43.6,
17 Schedule 7?

18 A. Yes, it is.

19 Q. And can you tell me where it is?

20 A. It's three lines from the bottom of the
21 illustrated page.

22 Q. Actually, I didn't see that there. But I

1 was asking you about 43.6, Schedule 7 Revised.

2 A. I have it on the version I'm looking at,
3 43.6. It's three lines from the bottom of my copy.

4 Q. We're looking at Schedule 7.

5 A. Oh, I'm sorry.

6 Q. I failed to mention Schedule 7 because it's
7 confusing.

8 A. I don't see that amount listed on Schedule
9 7.

10 Q. And you would agree with me that the
11 summary listing we have up on the screen here does
12 have the \$2.32?

13 A. Yes.

14 Q. Would you agree with me there is nothing
15 there to indicate that that amount is based upon a
16 1.6 percent adder?

17 A. Based upon this listing, that's correct.

18 Q. And if I were to ask you if there is an
19 invoice that would reflect this, what would your
20 answer be?

21 A. There would be/ based upon the description
22 here, it would appear that that's an adder to the

1 \$145.06 amount right above it.

2 I will try to check that.

3 Yes, it's a 1.6 percent adder to the
4 amount of \$145.06 right above it.

5 Q. Can you tell me why there was a 1.6 percent
6 adder for the Thomas and Betts Corporation voucher
7 and a 1.8 percent adder for the AFL
8 Telecommunications voucher?

9 A. No, I can't explain why there is a
10 difference there.

11 I understand the 1.6 percent is listed
12 along with the 1.8 that's right above that. I'm not
13 sure of the reason for that difference.

14 Q. Now I'd like to turn your attention to
15 43.6, Schedule 5, CIPS-G. And I'm looking at Project
16 11977.

17 A. I have that.

18 Q. I'm looking at an Arby Construction entry
19 which on mine is the next to last item on the first
20 page for that project, Page 60?

21 A. Could you give me an amount, please?

22 Q. Yes. The amount is \$74,370.24.

1 A. I have that.

2 Q. You would agree that the explanation in the
3 reason amount is supported column is two items on
4 accounting are not charged to this project, total
5 invoice minus those items (73,271.16) plus the 1.5
6 percent purchase adder?

7 A. Yes, I agree.

8 Q. Now, this is a different adder; would you
9 agree?

10 A. I'm sorry. Could you repeat that?

11 Q. The 1.5 is now we have another -- an
12 additional different adder, correct?

13 A. Yes.

14 As I indicated, the rate for CIPS at
15 an earlier stage, 2002 for example, was a 1.5 percent
16 rate.

17 Q. And again, there would be nothing on the
18 listing provided to Staff either as the response to
19 the MHE-3 series or in Exhibit 19.12 that would
20 indicate to Staff that it was a 1.5 percent adder; is
21 that correct?

22 A. The information provided in rebuttal would

1 have been really the first time where the Company
2 were to clarify for Staff the 1.5 percent adder
3 there.

4 I don't recall any conversations prior
5 to that date where we communicated that to Staff.

6 The description in rebuttal is same as
7 surrebuttal again for this item.

8 Q. And you can tell that by?

9 A. I'm looking at my rebuttal exhibit.

10 We have the exact same description in
11 rebuttal as we do in surrebuttal for this line item.

12 The process of explaining this on this
13 road map, Exhibit 19.12 originally and then adding
14 the invoice and highlighting on the invoice the
15 amounts showing the calculation of the purchase adder
16 are steps we went through in response to Staff's
17 testimony to further explain and clarify how these
18 dollar amounts tie back to the project summary
19 listing.

20 Q. But you would agree that the only adder
21 that you provided to Staff in explanation for a
22 response to that data request would be the 1.6

1 percent adder to CIPS?

2 A. I don't recall with certainty. I believe
3 that may be correct.

4 You're referring to MHE 3.01 through
5 3.06. I believe we referenced the 1.6 because that
6 was the predominant purchasing rate adder at the time
7 of review of invoices.

8 Looking at the response to MHE 3.04,
9 for example, I don't see that we directly referenced
10 1.6 percent on there. I did discuss 1.6 percent as
11 an illustration in my testimony in discussing the
12 purchasing adder.

13 We also provided for Staff the policy
14 regarding purchasing rates that was in effect as of
15 June of '04 in response to data requests that also
16 listed the purchasing rate of 1.6.

17 Q. And did you provide any such information
18 regarding the purchasing rates for CILCO and IP?

19 A. If I recall, we responded to the data
20 request. I don't recall the data request asking for
21 that information specifically.

22 Q. And you don't recall whether you gave that

1 information, or do you know?

2 A. I believe that what we provided was the
3 CIPS purchasing rate. I don't recall if we provided
4 other examples beyond CIPS purchasing rate.

5 We generally respond to a data request
6 at the time. I just don't recall whether that was
7 specific to CIPS only or not.

8 Q. Okay. I would like to refer your attention
9 to 43.6, Schedule 5, CIPS-G for Project 16895.

10 A. I have that.

11 Q. And I'm looking for Voucher 93083 for which
12 Arby Construction is the vendor. On my copy, it is,
13 I believe, the last three items on the seventh page.

14 A. Can you give me a dollar amount, please?

15 Q. \$677.28, \$200.19 and \$94.41 on the seventh
16 page of my listing.

17 A. I found the \$200.19.

18 And you indicated there were two other
19 amounts?

20 Q. Right. There's a group of three.

21 And the reason amount is supported is
22 the same for all three. There's only one reason

1 amount is supported for the three. There was three
2 in a row. And they're on Page 71 in my copy, the
3 last three items.

4 A. I have that.

5 Q. Okay. Would you agree that the explanation
6 for the reason amount is supported is the sum of
7 Voucher No. 930832 is \$971.88, our invoice shows
8 \$981.70, the difference is the result of one percent
9 discount applied to customers who pay their bills
10 within 15 days, the sum calculation and the one
11 percent discount calculations are both shown on the
12 first invoice of the particular voucher number?

13 A. Yes, I see that.

14 Q. And can you show me the first invoice of
15 the particular voucher number?

16 A. I believe this particular invoice is
17 provided again in rebuttal testimony. So I'm again
18 going to look for that see if I have that invoice
19 with me.

20 (Witness attempts to locate document.)

21 Could you repeat what project this is
22 again?

1 Q. Yes. This is Project 16895.

2 A. Okay. I'm first reviewing to see if this
3 is the same description as provided in rebuttal.

4 (Witness locates document.)

5 Yes, we provided this explanation in
6 rebuttal, the same one that's referenced here.

7 Q. So if I were to ask you to find that
8 invoice, I'm guessing you're going to say you don't
9 have it because you don't have a hard copy?

10 A. I have a hard copy of portions of the
11 invoices. I'm looking at that right now.

12 I see a number of CILCO and CIPS
13 Electric invoices. But this is CIPS Gas, though. So
14 I'm not sure if I have that.

15 (Witness attempts to retrieve document.)

16 I don't have the CIPS Gas invoices.
17 So I would need to go through a process of review of
18 this rebuttal exhibit again to see if I can try to
19 find it that way.

20 CIPS Gas would have a unique schedule
21 number to it. So I can narrow the scope by
22 identifying the schedule as relates to CIPS Gas.

1 I'm pretty sure CIPS Gas is Schedule
2 12. They should be sequenced by the order on the
3 road map, Exhibit 19.12. Let me look at that for a
4 moment.

5 There is Project 16895. So it should
6 be towards the bottom of Exhibit 19.12. It should be
7 sequenced by invoice also or by voucher number. This
8 voucher number on the side is 891158. And we're
9 looking for Voucher No. 930832. So I should be able
10 to -- I'll go towards the bottom here and take a
11 look.

12 I was hoping that particular process
13 would work, but it hasn't thus far.

14 We're close number wise. This is
15 930839. And I'm looking for 830832.

16 By George, I think we've got it.

17 Q. Congratulations. Perseverance will
18 sometimes pay off in the end.

19 A. All right. So here's the invoice
20 referenced, \$981.70. It's also shown on this -- this
21 is the rebuttal exhibit. It's showing the
22 application of 981.70 times .99 to get to 978.88.

1 This is in effect showing that Ameren Illinois
2 Utilities were paid in time to get a one percent
3 discount on this invoice.

4 This is an example of the majority of
5 the one percent discounts where the utilities took
6 the one percent discount but understand correctly
7 Staff proposed to disallow the entire amount of
8 871.88. In fact, the utilities paid early and in
9 effect saved the rate payers a one percent of the
10 cost on the project. And there is numerous examples
11 of where Staff proposed to not throw out just the one
12 percent discount different but rather throw out the
13 entire invoice amount because as I indicate, the
14 utilities paid an invoice early and captured the
15 benefit of the one percent discount.

16 Q. You're indicating that Staff indicated the
17 utilities pay the invoice amount?

18 A. I'm sorry. I didn't mean to indicate that.

19 The utilities paid -- in this case,
20 paid the invoice in time to get the benefit of the
21 one percent discount, and Staff's approach was to
22 disallow the entire cost of the invoice that was on

1 the project summary sheet included in the general
2 ledger which in this case was the lower amount,
3 971.88.

4 Q. Now, whose handwriting is that on that
5 invoice?

6 A. Pardon?

7 Q. Whose handwriting is that on that invoice?

8 A. That would have been the handwriting of an
9 individual working on my behalf to document these --
10 help document the rebuttal response that we put
11 together to further explain why the project summary
12 was different than the invoice amount.

13 Q. Was this invoice provided in response to
14 MHE-3 series of DRs with those six CDs you have?

15 A. Yes.

16 Q. And would I be safe to assume that it was
17 provided without that hand marking on there, the
18 handwriting?

19 A. I believe it would have been provided
20 without the handwriting on there, yes.

21 Q. Is there anything on that handwriting
22 itself that would indicate to Staff what that

1 handwriting means?

2 A. The handwriting on here coupled with the
3 description, the line item description that directly
4 correlates to this invoice puts the piece together
5 from our review perspective we have explained it in
6 Exhibit 19.12 and explained it again in Exhibit 43.6
7 and correlated the explanation with what's shown on
8 the invoice.

9 Q. I would like to refer your attention now to
10 43.6, Schedule 7. And I'm looking at project number
11 for IP Electric, \$170.45.

12 MR. FLYNN: I'm wondering if we could take a
13 short break at some point?

14 JUDGE TAPIA: Mr. Von Qualen, a five-minute
15 break?

16 MR. FLYNN: Is this a good point? I'm not
17 trying to interrupt you.

18 MS. VON QUALEN: Yes.

19 JUDGE TAPIA: We'll take a five-minute break.

20 (Whereupon a recess was
21 taken at this time.)

22 JUDGE TAPIA: Ms. Von Qualen, you can continue

1 your cross-examination.

2 MS. VON QUALEN: Thank you.

3 BY MS. VON QUALEN:

4 Q. Mr. Stafford, I would like to refer you to

5 Exhibit 43.6, Schedule 8, Part 5. This is AmerenIP

6 Gas, Project No. 19053.

7 A. Did you say Schedule 8, Part 5?

8 Q. Yes.

9 A. Can you give me the project reference

10 again?

11 Q. Yes. 19053 AmerenIP.

12 A. All right. I've got that.

13 Q. I would like you to look at what I believe

14 is an AP imaging sheet which we discussed earlier

15 which is the second page.

16 A. Could you give me a reference? My second

17 page is -- we've got two 19053 in Schedule 8.

18 Are you looking at National Meter?

19 Q. Yes, National Meter. And if you count the

20 cover page, it's the third page. The second page is

21 a National Meter invoice, and then the third page is

22 an Ameren AP imaging sheet.

1 A. Okay. I need to go further back in my --
2 I'm in the other section 19053.

3 MR. FLYNN: Do you mind if I show him my copy?
4 MS. VON QUALEN: No.

5 A. All right. I've got that.

6 BY MS. VON QUALEN:

7 Q. And would you agree that that's one of the
8 AP imaging sheets we discussed earlier in the
9 cross-examination?

10 A. Yes.

11 Q. Would you agree that that AP imaging sheet
12 relates to the invoice right before it for that
13 project, invoice 6039?

14 A. Yes, I agree.

15 Q. Looking at the AP imaging, do you see in
16 the lower left corner the total of accounting lines
17 and it says \$5,428.50?

18 A. Yes.

19 Q. Would you agree the total of accounting
20 lines there, that \$5,428 does not match the total on
21 the preceding page per the invoice?

22 I'm sorry. I didn't hear you.

1 A. I'm asking whether there are any other
2 pages related to this invoice besides these two. I'm
3 just looking at the electronic version now.

4 Q. I'm assuming you're asking yourself.

5 A. You have to look at one page versus another
6 on the screen is the reason I was asking that
7 question.

8 Could you repeat the question, please?

9 Q. Would you agree that the accounting total
10 on the AP imaging sheet does not agree with the
11 invoice total?

12 A. I would agree the information on the
13 imaging sheet has, for example, the used tax amount
14 that would not be included on the invoice and has a
15 purchasing rate on it, also.

16 The amount on the imaging sheet, it
17 shows National Meter, total of \$5,428.50. The
18 voucher number matches up with the voucher that is
19 listed -- the amounts listed on the imaging sheet
20 evidently do not include the entire amount that is
21 shown on the imaging.

22 Q. Okay. But you would agree that that total

1 of accounting lines at the bottom left of the
2 imaging, that's simply the summation of those four
3 numbers above it, right?

4 A. The total of the accounting lines is
5 \$5,428.50, and the summation of those four line
6 numbers; that's correct.

7 Q. Okay. Then, if you look to the right on
8 that imaging sheet -- and there's a number \$339.29
9 handwritten in.

10 Do you see that?

11 A. Yes.

12 Q. And would you agree that that's the
13 summation of the used tax?

14 A. That's correct.

15 Q. And then there's another calculation on
16 that imaging sheet in handwriting; do you agree?

17 A. Yes.

18 The application of the purchasing rate
19 is multiplied by 1.6 percent multiplied by 339.29 to
20 get to an amount of \$5.43 cents.

21 Q. Now, is that how the purchasing rate is
22 generally applied on the used tax?

1 A. The purchasing rate would be applied also
2 on the base invoice amount typically. But it also
3 can be applied to the used tax amount.

4 Q. In looking at the page prior to that, do
5 you see the handwriting which indicates the
6 purchasing rate on that page was applied to the total
7 for the invoice of \$5,604.73?

8 A. Yes. And I can see the difference between
9 the imaging sheet and the invoice.

10 The freight charge that's listed on
11 the invoice is not listed on the imaging sheet. That
12 accounts for the difference.

13 So the other four line items on the
14 invoice exactly match the imaging sheets. And then
15 there are also the freight charge is directly listed
16 on the invoice in the amount of 176.23 that makes up
17 the difference.

18 Q. And this invoice was provided in support of
19 the summary sheet which was originally provided in
20 response to MHE-3 series of DRs; is that correct?

21 A. I believe it was.

22 Q. Would you agree with me, without looking at

1 that summary sheet, that in order to calculate the
2 number on a summary sheet provided with the MHE-3
3 series of DRs, one would have to know about these
4 details which are provided in the invoice and the AP
5 imaging sheet?

6 A. I would agree with that.

7 And I certainly regret that that was
8 not -- you know, that type of information was not
9 provided to Staff at an earlier stage.

10 Q. I think we all agree on that particular
11 point at this point.

12 A. I was going to go on to say, obviously, we
13 provided this description, this road map for the
14 first time on rebuttal.

15 Q. And the invoices, too?

16 A. No. I believe this invoice would have been
17 provided on the CD.

18 What would have been provided is
19 additional clarification would have been in rebuttal,
20 we would have provided this document, which this is a
21 rebuttal document that we're looking at.

22 Q. This is part of 43.6, Schedule 8, Part 5.

1 A. Oh, I apologize. This is an invoice
2 provided in 43.6. You're right.

3 And therefore, I need to correct my
4 earlier answer. This invoice would not have been
5 provided in the original CD.

6 Q. Now, when we talked about the AP imaging
7 sheets before, I understood you to say that any
8 adders that would have been made would have been made
9 by computer on these AP imaging sheets.

10 Do you recall that?

11 A. Yes.

12 Q. Do you know how it is this particular one
13 has this handwriting on it?

14 A. Well, yeah.

15 That handwriting is as a way to clarify
16 and further explain how we arrived at the line item
17 on the project summary listing, if you're referring
18 to the reference to the 1.6 percent and the
19 calculation of the amounts that are highlighted on
20 there.

21 Q. Do you know which calculation of the 1.6
22 percent appears on that original summary listing that

1 was provided with the MHE-3 series responses would
2 have been \$5.43 on the AP imaging sheet, or would it
3 be the \$89.68 on the same one?

4 A. Well, the amounts that we further clarified
5 and explained on the surrebuttal exhibit were the
6 339.29 and 5.43 amounts. So I'm pretty sure those
7 had been the two line items that were included on the
8 original project summary listing provided to Staff.
9 And Staff would have been proposed to disallow those
10 amounts. Therefore, in rebuttal, we would have
11 performed this calculation.

12 Q. Thank you.

13 Now, I wanted to go back to that CD I
14 gave you to look at for 19.12 with all the different
15 documents. You tried to look up some -- I don't
16 remember if that's the one you have on the screen
17 right now. It looks like maybe it is.

18 A. Yeah, this CD here.

19 Q. Now, you would agree with me that was
20 pretty difficult to look through that CD, would you
21 not?

22 A. In terms of what?

1 Q. Finding documents that we were looking for
2 this afternoon.

3 A. Yes.

4 That's why, for example, I printed those
5 documents out. But unfortunately, I do not have that
6 particular document with me.

7 Q. Now, you didn't provide a hard copy of
8 those documents to Staff, did you?

9 A. I don't believe that Staff was served with
10 a hard copy. I can't say that for sure.

11 Q. And assuming that you're correct and Staff
12 wasn't, Staff would have had to have looked through
13 all of those documents and find anything on that CD,
14 correct?

15 MR. FLYNN: I'm going to object.

16 This is a case with electronic service.
17 We served materials electronically. Staff is
18 certainly capable of printing out documents that it
19 wants. I don't understand why we're asking the
20 witness to speculate as to whether Staff would -- if
21 we didn't serve them with a hard copy, would have to
22 look through a CD.

1 We're not controlling what Staff does.
2 And Staff can make those decisions for itself. And I
3 don't think it's appropriate to take the witness
4 through this.

5 JUDGE TAPIA: I'll overrule the objection.

6 You may continue, Ms. Von Qualen.

7 BY MS. VON QUALEN:

8 Q. Thank you.

9 Mr. Stafford, did you answer my
10 question?

11 A. Would you repeat it, please.

12 Q. Assuming that Staff is not served with a
13 hard copy, then you would agree with me, would you
14 not, that Staff would have had to have gone through
15 all of those difficult processes that you struggled
16 with this afternoon in order to see what was provided
17 in Exhibit 19.12?

18 A. I wouldn't agree with that for the reason I
19 just explained, and that was, I printed out a hard
20 copy of the information. And I wouldn't -- I would
21 expect Staff to do the same in this case.

22 The number of documents is quite a bit

1 smaller than what was provided in the original 8700
2 pages worth of documents. This was just only
3 disputed documents. And given the, you know, the 12
4 times -- we had 12 days in rebuttal to respond to
5 Staff's 1699 disallowed line items. I would expect
6 Staff to review the evidence we would have provided.

7 And if that review required printing the
8 documents as opposed to reviewing them electronically
9 because it was easier, I would expect Staff to do
10 that.

11 Q. Now, Mr. Stafford, you were the witness for
12 Ameren in Docket Nos. 06-0070, 0071, 0072
13 Consolidated, the 2006 electric TSG case; is that
14 correct?

15 A. Yes.

16 Q. And you were the Ameren witness that
17 testified regarding plant additions; is that correct?

18 A. Yes.

19 Q. Would you agree with me that in the 2006
20 TSG, you provided additional invoices to support the
21 Company's position regarding plant additions and
22 surrebuttal testimony?

1 A. In that particular docket?

2 Q. Yes.

3 A. If I recall correctly, I believe we did,
4 yes.

5 Q. Do you recall that Staff filed a motion to
6 strike those invoices provided in your surrebuttal
7 testimony?

8 A. I don't recall for sure as we sit here.

9 Q. If I were to show you a copy of the
10 transcript from the date that you were testifying in
11 that proceeding, would that refresh your
12 recollection?

13 A. Yes.

14 MR. FLYNN: Objection, relevance.

15 MS. VON QUALEN: Of course it's relevant. We
16 had this information provided in surrebuttal
17 testimony in this 2007 case very similar to what was
18 provided in the 2006 case. It made the analysis very
19 difficult for Staff.

20 This whole afternoon was a result of
21 this kind of thing. And I'm simply showing that this
22 has happened previously in the same type of case with

1 the same witness with the same condition.

2 MR. FLYNN: Which might be relevant had the
3 Commission not already ruled this information would
4 have come in. And I would say what we learned this
5 afternoon is when you chase amounts like \$2.32 in the
6 entire mountain of documents that you requested at
7 the beginning of the case, yes, it's very tedious and
8 it's very difficult in front of a group.

9 Staff, as Mr. Stafford explained, didn't
10 engage in the kind of dialogue in this case that he
11 testified they did in the last case that allowed
12 Staff to eliminate many of these concerns. So they
13 just weren't just looking at documents. They were
14 getting actual explanations that Mr. Stafford has
15 also said.

16 The Company had to speculate as to the
17 reasons that Staff disallowed costs at all because
18 Staff didn't provide any reasons. And you took him
19 through those documents.

20 One of the columns is, here's what we
21 guessed Staff was going because we don't know. And I
22 also learned it's a long way from \$2.32 to \$100

1 million permanent disallowance, which is what you're
2 seeking in this case. And now we want to bring up
3 the motion practice from the last case so we can
4 argue the motion that you just lost at the Commission
5 level.

6 That's my objection, and I stand on it.

7 JUDGE TAPIA: I'll overrule the objection and
8 allow it.

9 BY MS. VON QUALEN:

10 Q. Here's the transcript, the first couple of
11 pages.

12 A. I see references to portions of my
13 testimony being stricken in the transcript here.

14 Q. Okay. And would you agree that the
15 portions of your testimony that were stricken
16 included 36.9?

17 A. Yes.

18 Q. And if you look at a copy of your
19 surrebuttal testimony, would that refresh your
20 recollection as to what exactly Exhibit 36.9 was?

21 And let me refer you to some specific
22 line numbers. I'd like you to look at lines -- or I

1 think it would be helpful for you to look at Line 39,
2 Line 802 and thereabouts, and Line 889 and
3 thereabouts and see if that refreshes your
4 recollection as to what 36.9 was.

5 A. Yes.

6 Q. And what was 36.9?

7 A. The Exhibit 36.9 is additional supporting
8 documentation for pro forma plant additions related
9 to AmerenIP which would have been AmerenIP Electric
10 in that case.

11 Q. And that would have been additional
12 invoices provided?

13 A. It would have been primarily invoices, yes.

14 Q. And would you agree that to the extent that
15 Ameren was unable to provide invoices or similar
16 documentation in that case, Staff took the position
17 that those costs should be disallowed?

18 MR. FLYNN: Objection. Staff's position in the
19 last case is what it was. I'm sure it's reflected in
20 the Commission's order in that proceeding, or
21 otherwise, you can take administrative notice of it.
22 But what we've got here is Staff trying to argue now

1 a motion that was just decided by the Commission
2 adversely to Staff. This is just a total waste of
3 time.

4 Moreover, Staff isn't showing that the
5 situation was the same, and it certainly is not
6 because here the Commission said this material should
7 be included in the record.

8 JUDGE TAPIA: I'll sustain the objection.

9 Let the record reflect that the
10 documents speak for themselves.

11 Move on, Ms. Von Qualen.

12 BY MS. VON QUALEN:

13 Q. Thank you.

14 Mr. Stafford, when you prepared your
15 testimony and data request responses in this
16 proceeding, you were aware, were you not, that Staff
17 would most likely disallow plant addition costs that
18 were not supported by documentation?

19 A. I realize Staff could take that position.
20 I thought Staff potentially would take a reasonable
21 approach to any review of information.

22 As indicated previously, Staff's review

1 in this case is dramatically different than the last
2 case. Staff sat down with the Company during the
3 in-house audit phase of the proceeding and discussed
4 differences, reviewed explanations, cited really only
5 two reasons for a disallowance in the last case
6 versus seven.

7 No electronic transactions were
8 explained to Staff the same way in the last case, in
9 the IP Gas case as they were this time. And Staff
10 proposed to exclude them from the sample altogether.

11 I did not expect Staff to take a
12 dramatic -- I realize they can -- to take a
13 dramatically different approach in this case. I did
14 not expect that when I put together evidence or
15 testimony in this proceeding.

16 And one big difference between this
17 proceeding and the last proceeding, also, is that 98
18 to 99 percent of the information that we're
19 discussing here on cross-examination was in Staff's
20 hand on rebuttal. This whole CD is a rebuttal CD.
21 Virtually every question is a question about
22 rebuttal. Almost none of the questions that have

1 been asked are about surrebuttal.

2 So there's quite a bit of difference
3 between surrebuttal and rebuttal. 98 percent, I'm
4 guessing, of the information was in Staff's hand at
5 the rebuttal stage of this proceeding.

6 MS. VON QUALEN: At this time, I would move for
7 admission into evidence of Staff Stafford Group Cross
8 Exhibit 5 which are the six CDs which contain
9 information that the Company provided to Staff in
10 response to the MHE-3 series of data requests?

11 JUDGE TAPIA: Is there any objection?

12 MR. FLYNN: No.

13 JUDGE TAPIA: Staff Stafford cross group
14 Exhibit 5 is admitted into evidence.

15 (Whereupon Staff Stafford
16 Cross Group Exhibit No. 5
17 was marked by the Court
18 Reporter and entered into
19 the record at this time.)

20 MS. VON QUALEN: I have no further questions
21 for Mr. Stafford.

22 JUDGE ALBERS: Do you have a copy of those CDs

1 to distribute to the Court Reporter?

2 MS. VON QUALEN: I brought that copy for the
3 Court Reporter. And Staff made a copy before we
4 brought it here today.

5 JUDGE ALBERS: Do we get copies?

6 MS. VON QUALEN: We certainly can be sure you
7 can have a copy.

8 JUDGE ALBERS: Just one set for the three of
9 us.

10 I have a couple of questions, Mr.
11 Stafford.

12 First, just to follow up on what got my
13 attention earlier, I was thumbing through 43.6,
14 Schedule 7 concerning IP Project 18594.

15 A. I have that.

16 JUDGE ALBERS: Okay. On the various statements
17 from U.S. Bank concerning the commercial card,
18 whatever you want to call it, is it only the circled
19 items on those statements that the Company seeks to
20 include in the plant additions?

21 A. Yes.

22 JUDGE ALBERS: And how does -- items that are

1 not circled, are those part of different projects?

2 A. Yes.

3 The particular employee in question
4 would have been working on multiple projects as part
5 of this expense. He would have been traveling away
6 from home and would have been reimbursed for costs
7 associated with this project work.

8 I reviewed one invoice, for example,
9 where an individual working on storm work -- I'm not
10 looking at this particular one right now. But the
11 particular employee would have been working on
12 multiple projects. We would have need to determine
13 from a review of that which of those costs were
14 associated with the project. Some projects would be
15 capitalized and some projects would be an expense
16 maintenance.

17 It depends on the nature of the work
18 being performed.

19 JUDGE ALBERS: And as far as the ones that are
20 being capitalized, I think you said earlier that if
21 an employee is traveling away from home for that
22 project, the meal, or whatever it was, would be

1 capitalized under that project?

2 A. Yes.

3 If the employee is doing work on a
4 project that's a capitalized project, they would --
5 those costs would be capitalized. If they're doing
6 work on a maintenance project, it would be expensed,
7 as an example, and that particular cost would be
8 expensed.

9 JUDGE ALBERS: And that includes any employee
10 working on a project away from home?

11 A. I believe it does. That's my
12 understanding.

13 That's typical from my understanding
14 of the accounting policies, accounting procedures.
15 Per accounting standards, that's a typical approach.

16 If an employee is for the most part --
17 I don't know that all utilities follow that. For the
18 most part, if the utility is working away from home,
19 being called away from home to do work, then they're
20 going to be reimbursed for their costs associated
21 with that work.

22 And if that work is being capitalized,

1 then those costs would be capitalized rather than
2 expensed.

3 JUDGE ALBERS: I had a couple of other
4 thoughts.

5 Does that include like lineman union
6 workers? Are their lunches paid for.

7 A. I believe so.

8 I believe we would be talking about in
9 many cases union employees when we're referring to
10 this.

11 JUDGE ALBERS: And the other thought, you
12 indicated you believe that was consistent with FERC?

13 A. I believe that's consistent with the FERC
14 charge account description of costs that are properly
15 a capitalize expense.

16 JUDGE ALBERS: Can you identify which
17 particular accounts those would be?

18 A. No.

19 I'm thinking in terms of general FERC
20 standards of what can be capitalized versus an
21 expense, not a particular account, per say.

22 And I'm not quoting from a review of

1 anything particular. I'm going from what I believe
2 is my best recollection.

3 JUDGE ALBERS: So there is no particular
4 account, for example, like ICC uniform standard of
5 accounts?

6 A. I'm not sure. I know my former employer,
7 Illinois American Water Company, a similar policy was
8 used where employees were out doing work at a
9 location away from the office and it was a
10 capitalized project. And I'm also drawing from my
11 prior experience. But I am not citing any particular
12 reference.

13 I believe that we would find some
14 discussion with that in that regard to any charge
15 accounts, but I cannot say for certainty.

16 JUDGE ALBERS: The uniform system of accounts,
17 is there a particular account you can identify that
18 would be under?

19 A. I think it would be -- I would expect that
20 type of discussion would be listed in the front
21 portion of the discussion. I believe it's the front
22 of the discussion of the overall charge of accounts

1 describing overall accounting policies as opposed to
2 being specifically referenced with a capitalized
3 account versus an expense account.

4 JUDGE ALBERS: Is that anywhere in the record
5 that you know of?

6 A. No.

7 JUDGE ALBERS: I couldn't think of it.

8 Is there any limit on what employees can
9 bill during the day for expenses if they're out of
10 town on a project?

11 A. I'm not sure what the exact policy on that
12 is.

13 Generally speak, there is a limit. The
14 cost, of course, is subject to approval. I'm not
15 sure if the employees get a per diem or if they have
16 a specific limitation on how much they can spend for
17 a particular meal.

18 The fact that the expenses are being
19 turned in here for a meal and are being documented, I
20 think the procedure in place at the ones we're
21 looking here are specifically that you have to
22 document that you -- I know in the current policy for

1 myself of turning in an expense statement, if I have
2 an expense greater than \$25, I need to provide a
3 receipt. I have seen some receipts in invoices that
4 are less than \$25 for meals.

5 So I'm not exactly sure what they have
6 to document. But I think it's required that they
7 document that they incurred that expense, the date.
8 Of course, their supervisor would have to approve
9 that cost. And they would know whether or not
10 they're on that project, whether or not the policy is
11 reasonable.

12 JUDGE ALBERS: Okay. With regard to meals, if
13 there is any part of any costs within these Exhibits
14 42.2, 43.6 or 7, whatever source document you want to
15 point to, if there is any portion of any of these the
16 Commission decides should not be recovered, can you
17 think of -- what would be the easiest way for the
18 Commission to back that cost out of what Ameren is
19 pleading to recover?

20 A. Well, Exhibit 43.6 is the most current
21 exhibit reflecting Ameren's support of costs. And
22 each particular cost line item is listed on Exhibit

1 43.6. So it would be a matter of the Commission
2 identifying that dollar amount and then adjusting the
3 surrebuttal exhibit that we have.

4 We have schedules 1, 2 and 3 at the
5 front of Exhibit 43.6 for each of the six utilities.
6 And it would be a matter of replicating that
7 calculation to show the disallowance. The
8 calculation that the Company did wherever it could
9 not fully support amounts was -- even though it knew
10 the Company incurred those amounts and we believed
11 they were used and useful and prudent, the Company
12 still put \$815,000 in an unsupported column
13 collectively for the six utilities and then applied
14 the adjustment to the correct population of additions
15 which were projects 500,000 and greater. That led to
16 an adjustment of 2.7 million approximately for the
17 six utilities combined.

18 In doing that type of calculation, for
19 example, if you found an amount of \$500 that you
20 disagree should be included, it could be plugged into
21 that 15,000, whatever it would be, and could lead to
22 an adjustment. So it would be replicating the

1 calculation that we performed on surrebuttal.

2 And the general approach used by Ameren
3 and Staff is very similar on that calculation. The
4 primary difference is that Ameren used the population
5 of projects of 500,000 and greater for purposes of
6 its application for the overall calculation.

7 JUDGE ALBERS: As opposed to all projects?

8 A. Yes. Because the sample was only taken
9 from projects 500,000 and greater.

10 Staff's sample came from a list of
11 projects that were about 65 million if I recall
12 correctly while during this period Ameren utilities
13 incurred capitalized over 600 million in additions.
14 Yet, it applied from that population of 60-some
15 million and it looked at 35 million invoices but yet
16 attempted to apply that entire disallowance to the
17 600 million plus of additions. That ultimately led
18 to Staff's calculation of 100 million disallowance
19 for 23 million of invoices.

20 The Company conversely could not support
21 815,000. They converted to a 2.7 million adjustment.

22 JUDGE ALBERS: I think before you made that

1 point, you were indicating that you would suggest the
2 Commission take Exhibit 43.6 and go line by line for
3 items that it wants to disallow?

4 A. I believe that that is the best approach to
5 look at the information in the sense it provides a
6 detailed line-by-line listing of every single item
7 that is being adjusted by Staff in this proceeding
8 and the Company's position on that particular
9 adjustment.

10 JUDGE ALBERS: And just briefly referring to
11 Schedule 7 of 43.6, I guess, what in particular am I
12 supposed to glean from this?

13 A. Schedule 7 provides another form of road
14 map, if you will, that identifies the invoices that
15 we provided in surrebuttal evidence. So it provides
16 a way to identify by project number, voucher number,
17 vendor and amount where you can find that particular
18 line item on Exhibit 43.6. So it gives you the
19 utility project number, voucher number and vendor
20 amount, and you can locate that on the other
21 schedule.

22 In each of these cases, these amounts

1 move from the not supported column to the supported
2 column. And then in addition, the surrebuttal, as I
3 indicated earlier, we further clarified explanations
4 in a number of lines in response to Staff and also
5 actually moved dollars from the supported column to
6 the not supported column, because as part of our
7 re-review, we determined that we had not fully
8 supported certain amounts to our satisfaction.

9 And while we believe the amounts should
10 be allowed, we took a conservative approach to move
11 those to the not supported column.

12 JUDGE ALBERS: Just so I'm clear, this
13 particular project on the first page, Project
14 No. 17221, are these all of the vouchers that would
15 have been associated with that project?

16 Would there be more elsewhere that were
17 not questioned by Staff?

18 A. Yes, the number of vouchers would have been
19 much, much greater.

20 Staff took issue with almost 1700 line
21 items and 1300-plus invoices. And what we provided
22 in surrebuttal is support for 80 additional of those

1 almost 1700 line items that Staff took issue with and
2 further supported about \$146,000 of the original 23
3 million that Staff took issue with.

4 JUDGE ALBERS: Okay. So Pages 1 through 6 of
5 Schedule 7 are an additional 80?

6 A. They're the additional 80 line items that
7 we found support for as we continued to review
8 information and look for information and respond to
9 Staff's position on the issues.

10 JUDGE ALBERS: Okay. Thank you.

11 JUDGE TAPIA: Mr. Flynn, any redirect?

12 MR. FLYNN: We have no redirect.

13 JUDGE TAPIA: Thank you.

14 Mr. Flynn, please file the 43.6 Revised,
15 43.7 Revised and 43.0 Revised reflecting the
16 corrections by Mr. Stafford.

17 MR. FLYNN: Yes, we will.

18 JUDGE TAPIA: Mr. Flynn, were they previously
19 admitted?

20 MR. FLYNN: Well, I'm not certain. My view is
21 an offer of proof was made and accepted and
22 therefore, they're admitted.

1 But I will move for the admission of the
2 exhibits that you just identified; 43.0 3rd Revised,
3 43.6 Revised and 43.7 Revised now just so there is no
4 question.

5 JUDGE TAPIA: Thank you.

6 Any objection?

7 MS. VON QUALEN: Yes.

8 JUDGE TAPIA: Overruled.

9 They will be admitted into evidence;
10 43.6 Revised, 43.7 Revised and 43.0 3rd Revised as
11 identified by witness Mr. Stafford.

12 (Whereupon Ameren Exhibits 43.6
13 Revised, 43.7 Revised and 43.0
14 3rd Revised were admitted into
15 evidence.)

16 JUDGE ALBERS: Is there anything further today?

17 MR. FLYNN: I had a question.

18 Of course, we were going to provide a
19 word version of our brief to the Judge's. I'm
20 certain it will be a large file.

21 Would it be all right if we just put
22 that on a disc and send it overnight to you as

1 opposed to breaking it up into pieces if it's too
2 large to be received in your mailbox?

3 UNIDENTIFIED SPEAKER: I'm sorry. We're not
4 able to hear on the phone.

5 MR. FLYNN: That's intentional. No.

6 I was asking if when we provide a word
7 version of our briefs, if it would be acceptable to
8 provide that on a disc as opposed to breaking it up
9 into pieces if the file is too large to be received in
10 your mailboxes.

11 JUDGE ALBERS: That scares me a little bit.

12 MR. FLYNN: We'll see what the final size of
13 the file is.

14 But we have had problems in the past.
15 And you may have to break it up. And that gets
16 difficult and cumbersome.

17 JUDGE ALBERS: I guess as long as we have it
18 Monday morning, we'll be happy.

19 MR. FLYNN: Yes, it would be received by Monday
20 morning.

21 JUDGE ALBERS: Anything further for the record?

22 I should be clear that briefs are still

1 due on Thursday.

2 MR. FLYNN: Right. The briefs would be filed
3 Thursday as we would serve it Thursday. But I was
4 asking about the word copy for the Judges.

5 JUDGE ALBERS: Yes, that's fine.

6 As long as they are there and you get
7 them in the office Monday morning, that would be
8 great.

9 So, officially, briefs are due July 3rd
10 and applied briefs are still due July 15th.

11 MS. VON QUALEN: One matter, and that's just to
12 confirm that the Company has ordered next day
13 transcripts of this hearing so we will have an
14 opportunity to reference the transcript.

15 MR. FLYNN: Yes, we have requested a next day
16 transcript.

17 MS. VON QUALEN: Thank you.

18 JUDGE ALBERS: Is there any reason to leave the
19 record open?

20 MS. VON QUALEN: Well, we still haven't
21 clarified the DR verification issue.

22 JUDGE ALBERS: Do you want to do that on the

1 record?

2 MS. VON QUALEN: No, I really would assume not.

3 I don't know how much time Mr. Fitzhenry
4 has spent on it. I know I haven't spent much time on
5 it. I know I have received input from Staff about
6 it. I can't tell you exactly what that is. But
7 since I'm not satisfied we have received them all, I
8 would just assume not.

9 JUDGE ALBERS: That's fine.

10 If there is nothing further for the
11 record today, this matter is continued on.

12 (Whereupon the Hearing in
13 this matter is continued
14 generally.)

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